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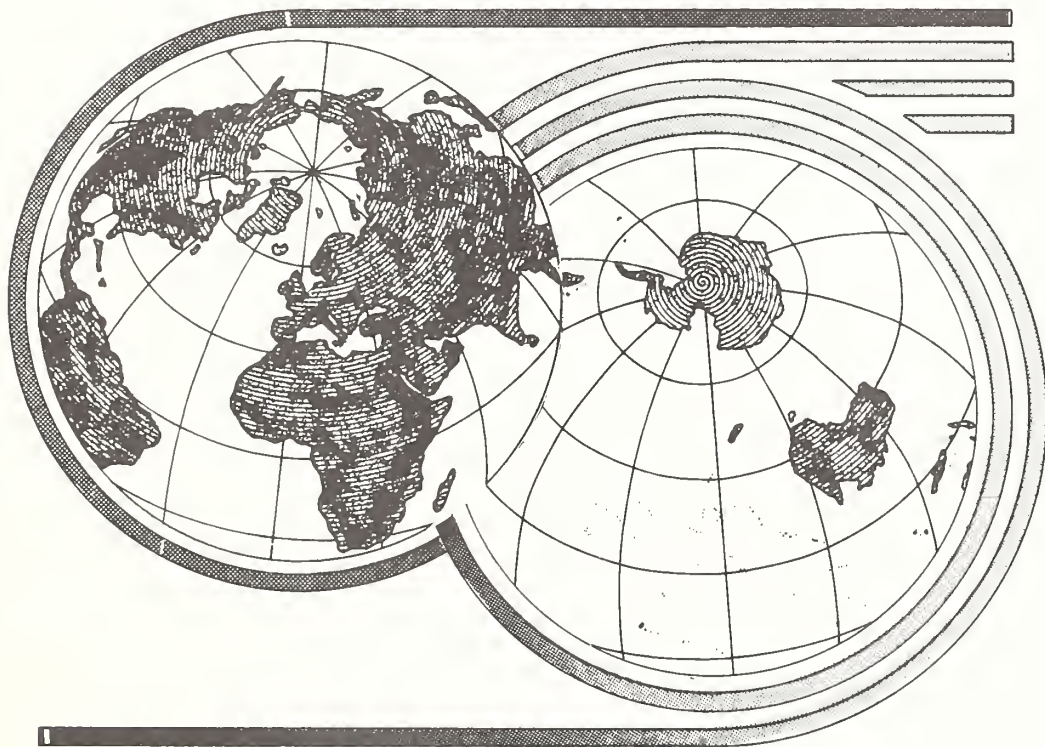
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WORLD AGRICULTURAL Situation

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AND SITUATION BOARD

ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE

UNITED STATES DEPARTMENT OF AGRICULTURE

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THE WORLD AGRICULTURAL SITUATION

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SUMMARY

The deterioration in the world economy and the prospect of large grain crops highlight the current situation.

Most developed countries are experiencing higher inflation rates, tightened monetary policies, increased unemployment, and a deterioration in external trade and current account balances. Overall real economic growth in the developed countries in 1980 is expected to be only around 1 percent with the United Kingdom and the United States likely to show a decline in economic activity.

Economic growth in the developing countries that are net petroleum importers may slow to around 4 percent and inflation may increase to over 40 percent with a projected deficit of \$50 to \$60 billion in their current account balance in 1980. Some developing countries may need additional food and financial aid, and may be forced to reschedule certain debts. Continued drought and economic and political difficulties have caused severe food shortages in a number of East African countries.

Weather has been generally favorable to grains in most major producing countries in the Northern Hemisphere this year, and a larger crop is in prospect. However, in the European USSR, generally cool and wet weather slowed development of winter grains. In addition, the spring wheat crop has encountered drought problems in parts of the Canadian prairie provinces and the U.S. Northern Plains. World wheat area is estimated up 3 percent with nearly half the increase in the USSR. Both world wheat and coarse grain production may recover from 1979/80's reduced crop and may reach or possibly exceed the 1978/79 record. World grain trade is expected to total near the record 196 million tons forecast for 1979/80. Soviet and East European imports are expected to decline. However, North African, Chinese, and East Asian imports are expected to increase significantly.

Although little increase is expected in grain utilization in 1980/81, it should reach a record high. World carryover stocks are likely to remain relatively tight at about this year's 197 million tons, or near 14 percent of utilization. However, grain stocks are expected to be drawn down in the United States and other developed countries, while the USSR will attempt to rebuild its stocks.

Production of protein meals and fats and oils in 1980/81 is not expected to exceed the 1979/80 record. U.S. producers, who account for almost half of world oilseed output, indicated in April that they would plant more acres in cotton this year, but reduce soybean acreage slightly, and cut sunflowerseed plantings by 20 percent. World oilmeal consumption is reaching a record level in 1979/80, but the rate of increase is expected to slow substantially in 1980/81 because relatively unfavorable economic growth prospects are causing many areas to reduce their rate of expansion in pork and poultry output.

U.S. agricultural exports in fiscal 1980 are now expected to total \$38 billion. Cotton exports are showing the most dramatic growth—running an estimated 50 percent in value over year-ago levels. The substantial increase in Chinese imports accounts for much of this gain. Reduced foreign grain output has created an unprecedented demand for U.S. feed grains. Other large increases are likely for exports of fruits, nuts, vegetables, and meats. Because of the reduced U.S. crop, tobacco exports are likely to decline about 4 percent in value.

Agricultural imports are expected to increase 16 percent to \$18.7 billion, leaving an agricultural trade surplus of more than \$19 billion. The import values of sugar, coffee, fruits, nuts, and vegetables are expected to increase significantly.

Despite the continued decline in beef output, world meat production is expected to increase in 1980 because of increased production of pork and poultry. Cattle numbers have begun to expand in most major beef producing countries—particularly Canada, the United States, and many of the Central and South American countries. However, Argentine and Australian inventories continued their decline of the

past several year, and cattle numbers will not show an increase until later in 1980.

World sugar production is expected to decline about 6 percent in 1979/80 to roughly 5-1/2 million tons below estimated world consumption. Production has fallen in the USSR, Brazil, Cuba, India, and Thailand. With global stocks declining, sugar prices have increased sharply. Although sugar producers are responding to higher prices, world production in 1980/81 will probably fall short of consumption, keeping prices strong during the next season.

World coffee production in 1980/81 is forecast to remain near last year's level, reflecting Brazil's limited 1980 yield potential due to the 1979 freeze. Prices have firmed somewhat since February mainly because of buying in anticipation of a freeze. If the Brazilian crop comes through the winter without damage, prices will continue rather stable throughout the coming season.

World cocoa bean output is expected to increase 6 percent, resulting in the third consecutive increase in world stocks. With cocoa grindings likely to increase by 2 percent, prices in the past few months have dropped and may be under pressure for the rest of the year.

World cotton production in 1980/81 is tentatively forecast at around 63 to 68 million bales, compared with 65.4 million in 1979/80. An increase in foreign production will likely offset an expected decline in the United States, where yields will probably fall well below last year's record levels. Prospects of slower world economic growth will likely reduce the rate of increase in consumption from the previous year. The level of Chinese imports and weather conditions in key exporters, such as the USSR, Turkey, and Pakistan, will largely determine the size of U.S. cotton exports in 1980/81.

WORLD ECONOMIC CONDITIONS

Developed Nations Face Deteriorating Economic Situation

Economic conditions in the major developed countries have worsened somewhat this year. Data for the early months of 1980 indicate that most of these countries have experienced higher inflation rates, tightened monetary policies, and deterioration in external trade and current account balances. These and other unfavorable factors are slowing the momentum of economic growth evident through late 1979. The delay in the onset of an expected U.S. economic recession in 1979 kept U.S. demand for foreign goods high. In addition, anticipatory buying to build inventories maintained domestic demand in other countries.

More recently, however, continuing increases in prices for oil and some industrial raw materials, combined with sharp increases in official discount rates and other interest rates, have begun to depress both consumer spending and capital investment in many countries. This is expected to reduce sales of consumer durables, houses, and capital goods, and to further swell unemployment rolls while ensuring high inventory levels. Although interest rates have recently started to drop, little stimulus to economic growth is expected from consumer or capital spending or from the trade sector for the remainder of 1980. Tax cuts are not being pushed because of the priority many countries attach to reducing inflation. Many of the major developed countries are fighting

inflation by budget balancing attempts, restraints on money supply growth, and rising interest rates.

For 1980 as a whole, real economic growth in the developed countries is expected to be only around 1 percent—perhaps even less in Europe. Although a higher rate of economic growth is forecast for 1981, it is expected to be below 1978 or 1979 rates. Inflation rates for this year are expected to be around 10 percent for the developed countries as a group.

Real economic growth rates in major developed countries¹

	1978	1979	1980 proj. ¹	1981 proj. ¹
Japan	5.6	6.0	4.0	4.5
West Germany	3.5	4.0	2.0	3.0
United Kingdom ..	3.3	0	-1.0	1.5
Canada	3.4	3.0	1.0	3.0
France	3.3	3.0	1.9	1.8
Italy	2.6	4.0	2.0	2.0

¹1980 and 1981 projections are ESCS estimates based on a variety of official and private forecasts.

Japan has been hit hard by oil price rises in 1979 and 1980. Real economic growth this year is expected to be relatively low, projected between 3 and 4.8 percent in 1980, after an estimated 6 percent growth in 1979. For 1981, the major forecasters expect economic growth to be higher than in 1980, but below the previous 2 years. Inflation rates are expected to rise sharply in 1980 to perhaps double those in 1979. Producer prices for manufactured goods rose 17 percent from February 1979 to February 1980 and import unit prices rose 83 percent in the same period. March data show declines in indices of industrial production and shipments and a rise in inventories. New construction orders and new passenger car registrations also fell in March.

Auto exports to the United States remain a bright spot for Japan so far in 1980. However, export growth is expected to taper off later in the year, and rising oil import costs are putting continuing pressure on Japan's trade balance. In the fiscal year that ended March 1980, oil imports equalled \$40 billion, or one-third of total imports. The sharp rise in oil prices was responsible for the turnaround in Japan's trade balance from a \$20.5-billion trade surplus in the previous fiscal year to an estimated \$3-billion trade deficit in April 1979-March 1980. For April 1980 to March 1981, the trade deficit is projected at \$6 billion and the current account deficit is projected to exceed \$18 billion.

Real economic growth in Canada in 1979 was almost 3 percent, but forecasters expect a rate of 1 percent or less in 1980. Consumer demand, private investments, employment levels, and the current account position are expected to deteriorate as the

weak U.S. economy slows the demand for Canadian exports. Inflation in 1980 is expected to remain at 9 to 10 percent. Interest rates have risen to U.S. levels to remain competitive and Canada is maintaining tight fiscal and monetary policies. Canada's trade surplus in 1979 expanded only modestly over year-earlier levels, especially in the last half of the year. For 1980, export trade is not expected to grow significantly, and the deficit on services account may expand, causing a rise in Canada's current account deficit.

The United Kingdom had the lowest economic growth of all major developed countries in 1979. Real growth was estimated at close to zero last year and is expected to be negative in 1980—probably around 1 percent. In 1981, the U.K. economy is forecast to grow by 1 to 2 percent, making it the only major developed country with a forecast 1981 growth rate which will exceed that in 1979 and 1980. Inflation has been a major problem, as reflected in a 19-percent rise in the consumer price index from February 1979 to February 1980. Inflation is expected to remain high in 1980. The United Kingdom is experiencing a growing total trade deficit despite its shrinking oil trade deficit. In March 1980, oil trade was in balance for the first time. A steel strike and the appreciation of the pound, with its adverse effect on U.K. export competitiveness, are two reasons for a trade deficit of \$1.5 billion in October 1979-March 1980. Import unit prices grew at sharply higher rates than did export unit prices. Despite its continuing surplus on the services account, the United Kingdom had a current account deficit of over \$2 billion in the last half of 1979, and \$1.3 billion in the first quarter of 1980.

West German economic growth was estimated at roughly 4 percent in 1979. However, it is projected to be in the 1.5- to 2.5-percent range for 1980, with some recovery in 1981. Inflation is a problem, although price rises in West Germany are low compared with most other developed nations. From February 1979 to February 1980, German consumer prices rose 6 percent. For 1980, the rate will probably be about the same.

In 1979, Italy and France had economic growth rates that were almost the same as West Germany's, but they had higher inflation rates. Real growth in GNP was estimated at 4 percent for Italy and 3 percent for France. These growth rates are better than previously expected because overall world economic conditions did not deteriorate as much in 1979 as had been earlier forecast. For 1980, economic growth is projected at 2 percent in Italy and slightly lower in France. Both countries may experience a slight rebound in 1981, but growth is expected to be below 1978 and 1979 levels. Inflation rates in Italy are estimated at 15 percent in 1979 and will probably remain at about that rate for this year. France

experienced a 10- to 11-percent rise in consumer prices in 1979 and faces similar increases this year.

Developing Countries Also Experiencing Lower Economic Activity

The non-OPEC (Organization of Petroleum Exporting Countries) developing countries also face decreased economic growth in 1980 because of domestic inflation, oil and other import price rises, and high interest rates, together with decreased demand for their exports by the developed countries. As a group, the non-OPEC developing countries are expected to have an overall economic growth rate below 5 percent in 1980. For all developing countries, forecasts are in the 4.2-percent range for 1980, down from 5 percent in 1979 and the 5.7-percent average in 1970-78. Inflation rates for all developing countries as a group are expected to average over 40 percent in 1980, up from 32 percent in 1979. The OPEC countries are forecast to have a lower overall inflation rate than other developing countries.

Developing countries that do not produce large quantities of oil will be adversely affected in 1980 and are expected to have lower economic growth rates. Although both the dynamic trade-oriented developing countries and the poorest developing countries will be affected, the types of problems and their dimensions will differ. Countries that experienced political instability, declining investor confidence, and reduced foreign aid disbursements in 1979 face growing trade deficits and foreign debt problems. For instance, the Central African Republic is currently in arrears on repayments for past foreign debts, and the value of total imports continues to grow. Export earnings will depend on domestic weather conditions and fertilizer availability as well as on world supply and demand conditions.

Turkey is rescheduling its debts in the face of growing trade and payments problems. In the first 2 months of 1980, total imports rose 152 percent, with crude oil imports accounting for two-thirds of the rise. Pakistan is expecting to pay \$1.5 billion for oil and fertilizer imports in 1980—one-third of total imports. Despite a record trade performance in 1979, Pakistan's trade deficit was \$2 billion. Peru is expecting an improved external trade position in 1980 after the poor performance of the economy before 1979 that necessitated a standby agreement with the IMF (International Monetary Fund) and other measures to improve its trade situation and payments arrears. Peru has the advantage of being a net oil exporter, and has benefited from higher prices in spot oil markets in 1980.

The lowest income countries generally had the weakest economic growth in 1979, with the worst performance among the Sub-Saharan African countries. During 1976-78, annual real economic growth

rates for the three regions were: Sudano-Sahelian Africa, 2.6 percent; West and Central Africa, 3.0 percent; and East Africa, 4.1 percent. Because population grew 2 to 3 percent annually in these regions, there has been little real improvement in per capita incomes.

Low and middle-income countries in other regions (South Asia, North Africa, the Middle East, Central America, the Caribbean, and South America) have had growth rates of somewhat over 4 percent in recent years, with East Asian countries experiencing the highest average growth—6.8 percent during 1976-78. For 1979, the poorest and lower middle-income developing countries had the lowest average economic growth rates, except for some of the higher income countries (Libya, Iran, and Jamaica) which had specialized economic problems. Inflation rates among the poorest countries are generally low relative to middle- and upper middle-income developing countries. For 1979, inflation rates were estimated at 18 percent for the poorest and 24 percent for the lower middle-income countries, compared with 60 percent for the upper middle income countries.

Among the developing nations, the Asian countries again had the highest overall real economic growth in 1979, followed by the Latin American countries. However, inflation rates were highest in Latin America—estimated at 54 percent in 1979. The Near Eastern countries had the lowest inflation rates.

The non-OPEC developing countries that continue to grow at the highest rates are those that are highly trade-oriented, such as Brazil, Taiwan, and Korea, or export oil, like Mexico and Malaysia. However, each of these countries also is expecting a lower economic growth rate in 1980, except for Mexico which expects a continuation of the 8-percent growth recorded in 1979. Latin America as a whole is projected to have a 4-percent growth in 1980, down from 5 percent in 1979.

Argentina's economy, which grew at nearly 8 percent last year, is forecast to grow 4 to 5 percent this year. Brazil's growth is expected to slow from over 6 percent to around 5 percent. Last year Brazil had its highest inflation rate since 1964, and despite a 20-percent growth in exports, the country had a \$2.7-billion trade deficit. Last year's oil import bill was \$7 billion, and may exceed \$10 billion in 1980. Gross foreign debt is more than \$50 billion. The large cruzeiro devaluation will make imports 30 percent more costly to domestic consumers. For Mexico, oil and natural gas exports more than doubled in value in 1979 and are expected to treble in 1980. Nevertheless, the country had a record deficit on current account. However, Mexico is having no trouble generating inflows of capital.

Other developing countries like Taiwan and Korea, that depend on developed country markets for their manufactured goods exports, are forecast to have

slower economic growth rates. Both countries had 1979 growth rates around 7 percent and in 1980 are forecast to grow around 6 percent, and perhaps even less for Korea.

Most developing countries have forecast 1980 growth rates below those in 1979 and inflation rates above those in 1979. Economic conditions are expected to improve in 1981, although growth rates may still be below 1978 and 1979 levels. The major determinants of economic growth for the non-OPEC developing countries will be export commodity prices, changes in import quantities by the developed countries, oil and other import prices, weather, and levels of concessional aid and commercial capital flows. The net-oil importing developing countries face a projected \$50- to \$60-billion aggregate deficit in the current account in 1980. With high interest rates on Euro-currency markets—the base rate in London was almost 19 percent in March—many countries may not be able to borrow enough to cover trade deficits and debt servicing obligations. Requests for food and financial aid and even debt reschedulings may rise in 1980. A country's ability to meet external financial obligations is most sensitive to the ratios of its debt

service payments to exports, imports to international reserves, and capital inflows to level of outstanding external debt. Commodity prices of major exports from the developing countries were mixed in 1979 and early 1980 with some—rubber, tin, copper, and sisal—doing well, while others—cocoa, coffee, groundnuts, and groundnut oil—fell during all or in the last part of the year.

The OPEC countries will benefit from the high and rising price of oil in 1980. In May, Saudi Arabia and a number of other oil exporters raised prices by \$2 per barrel. For 1980, the aggregate current account surplus of the 13 OPEC nations is projected at \$120 billion. However, some countries like Indonesia have major economic problems. Despite the large balance-of-payments surplus forecast for Indonesia in 1980, the country remains dependent on large aid flows from developed countries. Iran is again expected to have a negative growth rate in 1980. Saudi Arabia, Kuwait, and Iraq will probably continue to amass large financial surpluses and have the best economic growth rates among the OPEC countries. (*Eileen M. Manfredi, 202 447-8229*).

INTERNATIONAL VALUE OF DOLLAR

International Value of the Dollar Rises, Then Declines

Over the past 6 months, the major factors affecting short-term fluctuations in the value of the U.S. dollar have been day-to-day news events and wide disparity in U.S. interest rates. International tension affecting the United States tends to lower the demand for dollars, and the Iranian situation has, on occasion, caused sharp movements in the U.S. exchange rate.

More important for the short term, however, has been the sharp alteration in the rates of return available on the U.S. dollar. As euro-dollar rates approached 20 percent, closely following the U.S. prime interest rate, demand for U.S. currency sent the dollar to a 2-1/2 year high in early April. However, once interest rates had peaked, the drop in the exchange rate was even more dramatic—within 6 weeks the dollar lost most of the gains it has achieved since December.

Nevertheless, the value of the dollar remains at about the same level as at the end of 1979. Two major factors should continue to contribute to a long term strengthening of the dollar:

First, and most important, the recent policies of the Federal Reserve have slowed the rate of growth of the domestic money supply. This will help to slow

inflationary pressure and will eventually contribute to the stabilization of the U.S. economy.

Second, the deepening recession should slow demand for imported goods, leading to a somewhat improved U.S. balance of payments on current account. Despite higher oil prices, the expected improvement in the trade balance will slow the outflow of dollars and reduce pressure on our foreign exchange holdings. The net result likely will be a continued gradual strengthening of the international markets. From January to May 1980, the U.S. dollar rose 1 percent against the German mark and 1 percent against the Dutch guilder; fell 4 percent against the Japanese yen and 6 percent against the British pound, and remained at the same level against the Canadian dollar (table 1). The dollar exchange rate weighted by trade in agricultural commodities, showed a marked improvement through May 1980 for total agricultural exports, as well as for wheat, cotton, and corn (table 2). This means that, for those countries that are our major markets for total agricultural exports and for each of the commodities listed, the cost of U.S. dollars rose in terms of local currencies, making it more expensive to convert into dollars to pay for U.S. exports. The largest increase is for those countries that are our major wheat markets, particularly Japan and the developing countries. The cost of dollars in our wheat

markets rose by 21 percent from the fourth quarter of 1979 through May 1980. Among the major U.S. agricultural exports, soybeans alone showed a rela-

tively stable index of dollar cost to major markets during 1979 and early 1980. (*David Stallings*, 202 447-7643)

WORLD ENERGY SITUATION

Petroleum Prices Soar

The average world price of petroleum has risen steadily since Iran's production collapse further tightened the market at the end of 1978. From \$13.05 per barrel at the end of 1978, the average price has soared to more than \$32 per barrel in June 1980, a 150-percent increase. Disagreement among OPEC oil ministers makes predictions for the rest of 1980 difficult, but the 18-month price surge is apparently tapering off in response to easing market conditions. The June 9 OPEC meeting put a \$37 per barrel lid on prices until September. Since many producers are near the limit already, further major increases are unlikely in the interim.

The steep price increases have spurred world petroleum production. According to the *Oil and Gas Journal*, total world crude production in first-quarter 1980 was 62.3 million barrels/day (b/d), 2.6 percent higher than the year-earlier's 60.7 million b/d. Some of the increase is attributable to OPEC and in particular Iran, which has partially recovered from an extremely low production level in the first quarter of 1979. Non-OPEC, non-communist production is up 3.6 percent, mostly due to Mexico, Norway and the United Kingdom. Production in the Soviet Union, the world's largest producer, was up 2.4 percent. Exploration and drilling for new petroleum reserves is also proceeding at a high rate.

Meanwhile, high prices have reduced world demand for petroleum. The United States and six other major industrial consuming nations reduced consumption 2.6 percent in the fourth quarter of 1979 from fourth quarter 1978. Preliminary figures show an even greater year-to-year drop in the first quarter of 1980. The United States reduced first quarter use 11.2 percent from year-earlier levels, while the other six dropped about 7 percent. Since industrial nations consume over 60 percent of the world's petroleum, a consumption decrease among them has a major impact on total world demand.

Rising supplies and falling demand have caused crude oil stocks to soar. U.S. stocks stood at 386 mil-

lion barrels on May 16, compared with 325 million a year earlier. With average daily consumption at 17.5 million b/d, the United States has about a 22-day supply stored. Japan has an estimated 100-day supply on hand; its larger relative stocks reflect Japan's greater dependence on petroleum imports. If OPEC price increases taper off, refiners will begin to draw down their inventories to reduce storage costs, further easing demand.

The 1979/80 price increases are comparable to those of 1973/74, which brought about global recession. On a percentage basis the current increases are lower, 150 percent compared with 300 percent in 1972-1974. In absolute terms, however, today's price rise is much greater. Whereas an average barrel was \$7.24 more costly in 1974 than in 1972, in 1980 an average barrel costs at least \$19 more than in 1978. The first price shock added an estimated \$124 billion to the world's oil bill over 2 years; the second will add about \$370 billion. Great concern exists over the ability of the international financial system to recycle these petrodollars. Especially worrisome is the situation of oil-importing less developed countries, which will have an oil bill estimated at \$56 billion this year, up from \$34 billion in 1979 and \$22 billion in 1978.

In the long term, the high prices will be effective in slowing energy consumption. Two years ago—before the recent price increases—an industry forecast showed that total energy use in the United States in 1990 would be about 50.6 million b/d of oil equivalent. An update of this forecast for 1990 projects use at 42 million, 17 percent below the earlier estimate. Conservation, coupled with lower than expected economic growth, account for the lowered forecast. The United States is already getting more mileage out of its energy: in 1973, 60.4 million BTU's were needed to produce a dollar's worth of GNP (in constant 1972 dollars); in 1979, only 54.5 million BTU's were required. (*Donnell O'Flynn*, 202-447-8106)

AGRICULTURAL COMMODITY PRICES

Grain and soybean prices were under bearish influences during the first half of 1980. Record large 1979 U.S. grain and soybean production was followed by

the suspension of exports to the USSR in early January. Economic slowdowns in the United States and major foreign markets have softened demand. High

interest rates and movements in other commodity markets also added downward pressure on grain and soybean markets. Furthermore, world grains prospects in 1980 generally have been favorable. On the other hand, U.S. Government actions to offset the suspended exports, including open-market purchases, liberalization of the farmer-owned reserve, and promotion of foreign sales, have bolstered grain markets. Agricultural exports were also up sharply in early 1980 as increased shipments to Mexico, China, and other markets offset the cutback in exports to the USSR.

Wheat prices at U.S. Gulf ports have declined since January, reaching \$4.28 per bushel in mid-June. This was 7 percent lower than the June 1979 average. Prospects for a large U.S. winter wheat harvest this year have also dampened prices. The Gulf ports corn price of \$2.94 a bushel is also 7 percent lower than last June, but the soybean price fell to \$6.22 a bushel, about 20 percent lower than a year earlier. The soybean price decline resulted from large 1979/80 U.S. supplies and a sharp increase in Brazilian soybean output. A year ago prices rose sharply, because of strong domestic and foreign demand and the relatively poor 1979/80 Brazilian harvest.

The Bangkok rice price, at \$442 a ton, is over one-third higher than last June because of crop shortfalls in many key Far Eastern producing areas.

The Osaka cotton price at 81 cents a pound is 10 percent higher than last June's average. China's heavy cotton purchases, Russia's reluctant sales, and strong world cotton mill consumption helped boost cotton prices. The cotton outlook includes a large world crop this fall.

Among U.S. import commodities, international beef prices have weakened because of large pork and poultry supplies. International sugar prices have risen because the 1979/80 world sugar crop is expected to be 6 percent lower than last year and world sugar stocks are declining. Declines in sugar production in India, the USSR, and Cuba have reduced world output and boosted sugar prices.

The New York spot price for Brazilian coffee, at \$1.80 a pound, has weakened from earlier months and is now slightly lower than last June. Increased 1979/80 output and increased competition from major producers like Colombia have outweighed the influence of larger consumption and reduced stocks in recent months. Large cocoa bean crops in major producing countries have brought the New York cocoa price down to \$1.10 a pound.

Grain sorghum, rice, cotton, coffee, sugar, and crude rubber prices are higher than last June; wheat, corn, soybeans, soybean meal, beef, and cocoa beans are priced lower. The interplay of international price developments with domestic farm level and consumer level prices is illustrated in table (3).

Export and Import Prices Follow Suit

After some lag, export and import unit values for most commodities have moved in the same direction as international and U.S. farm prices (table 2). The average price of all U.S. exports in the first quarter of 1980 was 12 percent higher than a year earlier. The overall import unit value index was 19 percent higher than a year ago, with imported sugar prices taking the lead. Imported sugar nearly doubled in price from the first quarter a year ago.

Exchange rate shifts, after U.S. prices are converted to countries' currencies, have affected the real cost to foreign importers of U.S. agricultural products.

In countries where the dollar has depreciated, import prices declined more than the U.S. export prices. While the U.S. Gulf port price for soybeans declined 18 percent from May 1979 to May 1980, the Dutch import price in guilders declined the same amount and the U.K. pound price even more. For corn, U.S. export and Dutch import prices in guilders declined by the same rate. The depreciation of the dollar may be partially offset in EC member countries by import levies. For commodities subject to the variable levies, levies would increase thereby offsetting the decline in the value of the dollar. When the EC variable levy was also included, the effective Dutch import price for corn rose 2 percent.

In countries where the dollar has appreciated, the country currency prices (expressed in importing country currency) for U.S. agricultural commodities have increased even faster than have aggregate U.S. export prices. Because many of these countries are also less developed, the appreciation of the dollar adds to their balance of payments problems.

U.S. Farm Prices Down

During the first quarter of 1980, prices received by U.S. farmers averaged 2 percent lower than a year earlier, with overall crop prices increasing 3 percent and livestock prices declining 4 percent. Through March, wheat, rice, corn, cotton, potatoes, and milk were priced higher at the farm than a year earlier, while prices of soybeans, beef, pork, broilers, and eggs were lower.

By May, farm prices for wheat and corn fell from their pre-suspension level and soybean prices continued the downward slide of the 1979/80 marketing year. After adjusting for inflation using the Consumer Price Index, wheat and corn prices are about where they were in late 1978 and early 1979, but real soybean prices are closer to the levels of the early 1970's (table 4).

Consumer Prices Continue To Rise

Retail food prices in the United States rose 8 percent from a year earlier in the first quarter of 1980, an easing from the increases of late 1979. In recent months, food prices rose much slower than non-food items. Most of the rise in retail food prices has come from increased marketing costs, since farm prices recently have been relatively stable. During the fourth quarter of 1979, U.S. food prices outpaced

food price inflation in most developed countries. U.S. consumers, however, continue to spend a smaller share of their income on food than consumers in most other countries.

From 1970 to 1979, the increase in food prices outstripped general inflation in nearly three-fourths of the countries listed in table 5, indicating an overall tightening of food supplies in recent years and expanding marketing costs. (*H. Christine Collins, 202-447-9160*)

U.S. AGRICULTURAL TRADE

U.S. agricultural exports are likely to increase by over \$6 billion in fiscal 1980 to a record \$38 billion. Export volume is forecast to increase 15 percent. Agricultural imports are expected to increase by 16 percent to \$18.7 billion, leaving an agricultural trade surplus of over \$19 billion.

Among commodities, cotton exports are showing the most dramatic growth in fiscal 1980—already 77 percent in value over year-ago levels. Demand for U.S. cotton in major Asian markets (Japan, Korea, China, Taiwan, and Hong Kong) has been very strong thus far and is expected to remain fairly strong through September. U.S. cotton exports, including linters, are estimated at nearly 2 million tons in fiscal 1980, versus 1.4 million in previous year.

Reduced foreign feed supplies resulting from disappointing crops in some major importing areas have created an unprecedented demand for U.S. feed grains in fiscal 1980. Feed grain exports were also bolstered by poor corn and sorghum crops in Argentina—a major exporting country. In addition, some exporters are diverting some of their grain exports from traditional markets to the Soviet Union, causing a sharp increase in U.S. grain exports to other countries.

A severe drought in Mexico last year seriously reduced grain output and subsequently increased the demand for U.S. feed grains. As of June, Mexico had bought 5.9 million tons of feed grains for fiscal 1980. Eastern Europe, particularly East Germany and Poland, had purchased 7.3 million tons by mid-May, versus 5.0 million tons last year. Other areas showing significant increases are Brazil, Spain, Portugal and Japan.

Wheat exports in 1979/80 are expected to exceed 35 million tons, compared with 31.3 million tons last year and the record 35.9 million in fiscal 1973. North Africa has returned to the U.S. wheat market following last year's shift to imports of subsidized European Community wheat. Wheat exports to South America, particularly Colombia, Chile and Brazil, are

expected to increase to nearly 5 million tons. Brazil's imports continue to be very large following another mediocre crop. Eastern Europe had a disastrous wheat crop in 1979 (down 8 million tons or 23 percent) and has been importing heavily from the United States. Egypt and Bangladesh are also importing more U.S. wheat, while demand has dropped in Iran, Pakistan, and China.

While soybean prices have declined from last summer, record shipments have kept the export value record high. The heavy movement reflects slow export activity from Brazil and Argentina. Shipments to the European Community totaled 8.7 million tons by June 1, versus 7.1 million in the same period last year. Spain has taken 2.1 million tons, compared with 1.3 million in 1978/79. Other markets that have expanded their demand for U.S. soybeans in fiscal 1980 are Poland, China, and Israel. Soybean meal exports are also projected at record levels for fiscal 1980. To date, 5.2 million tons has been shipped, versus 4.3 million last year. Eastern Europe was up 329,000 tons and the European Community, 574,000. These two areas account for approximately 70 percent of total U.S. soybean meal exports.

U.S. soybean oil exports are nearly 375,900 tons or 67 percent greater than last year. India has taken 396,800 tons following a disappointing peanut harvest. South and Central America showed a 160-percent increase over last year, led by Brazil which bought 110,000 tons of U.S. soyoil before harvesting this season's excellent crop.

U.S. agricultural exports to Mexico are expected to be up sharply this year. In fiscal 1980, U.S. farm products exports to Mexico are forecast to reach \$1.6 billion, largely due to drought. Rising oil revenues are providing more foreign exchange for purchasing U.S. products.

U.S. exports of farm products to China rose 69 percent over October-April 1978/79. Cotton exports of \$553 million (versus \$119 million last year) more than made up for the decrease in grain imports. Exports to Japan in the first 7 months of fiscal 1980

stood at \$3.5 billion, 14 percent above last year's figure. Gains were made in cotton (36 percent), fruit and nuts (10 percent), and grains (49 percent). U.S. agricultural exports to the USSR are expected to total \$1.5 billion in fiscal 1980, sharply below the \$4.0 billion forecast prior to the trade suspension. However, increased sales to other markets have offset this reduction.

U.S. Agricultural Imports Also Up

In the first 7 months of fiscal 1980, U.S. agricultural imports totaled \$10.4 billion—10 percent above a year earlier. Competitive imports—such as animal

products, sugar, fruits, and vegetables—rose 12 percent compared with a 7-percent increase in noncompetitive products such as coffee, rubber, and bananas.

Import values during fiscal 1980 are likely to show significant increases over last year for fruits, vegetables, sugar, and coffee. Imports of cocoa beans will decline sharply. Higher world sugar prices account for the estimated 84-percent increase in the value of sugar imports. The President reduced the import duty for raw sugar, effective February 1, 1980, to the statutory minimum because of tight supplies and higher prices. (*Stephen Milmo*, 202-447-9160)

WORLD FERTILIZER SITUATION

World Fertilizer Use Up, But Growth Slows

A preliminary forecast of world fertilizer consumption in the current fertilizer year (ending June 30) indicates record use of nearly 111 million metric tons of plant nutrients, 4 percent over a year earlier. The rate of growth is about half that achieved in 1978/79, when global consumption exceeded 100 million tons for the first time. Much of this year's slower growth results from the near stagnation in fertilizer use by the developed market economies. In the United States, for example, sharply higher fertilizer prices, less favorable fertilizer/crop price ratios, greatly increased energy costs, and tight, expensive credit all discouraged fertilizer use this spring. As a result, fertilizer consumption for the year is expected to decline.

Fertilizer Prices Level in Early 1980

After rising steadily throughout 1979, world fertilizer prices have generally leveled off in early 1980, with phosphate prices actually declining (figure).

Diminished U.S. spring demand has been an important factor behind softening fertilizer prices. Further-

more, supplies are more readily available than last year since production problems in Eastern Europe and logistical bottlenecks there and in Canada, have eased considerably. For example, mineral fertilizer production in the Soviet Union during January-April 1980 was 17 percent ahead of the poor year-earlier pace. Also, Canada's main potash and sulfur export terminals at Vancouver were restored to full capacity in March upon completion of repairs to a damaged railroad bridge.

Another factor affecting the current slowdown in fertilizer price rises is the slackening rate of increase in 1980 energy prices compared with 1979. The costs of producing energy intensive nitrogen and phosphate fertilizers are not rising as rapidly this year. In the nitrogen market, reduced price volatility can be expected now that the initial adjustments to last year's steep petroleum price hikes have been made. In Western Europe, for example, completed and ongoing adaptations to higher petroleum prices include the closing of some naphtha-based ammonia capacity (naphtha is a petroleum derivative), conversion of some fertilizer plants from using naphtha to cheaper feedstocks such as liquefied petroleum gas, and increased imports from the USSR and the United States where cheaper natural gas feedstocks are used. Phosphate fertilizer production requires large quantities of sulfur, which needs substantial amounts of natural gas to produce. In 1979, sulfur supplies were very tight and prices exploded. This year, several temporary technical production and transportation problems have diminished and the sulfur market, although still somewhat tight, is expected to be more orderly than last year. As a result, phosphate fertilizer production costs should not escalate as rapidly in 1980 as in the previous year.

World fertilizer consumption 1977/78-1979/80
(million metric tons nutrient)

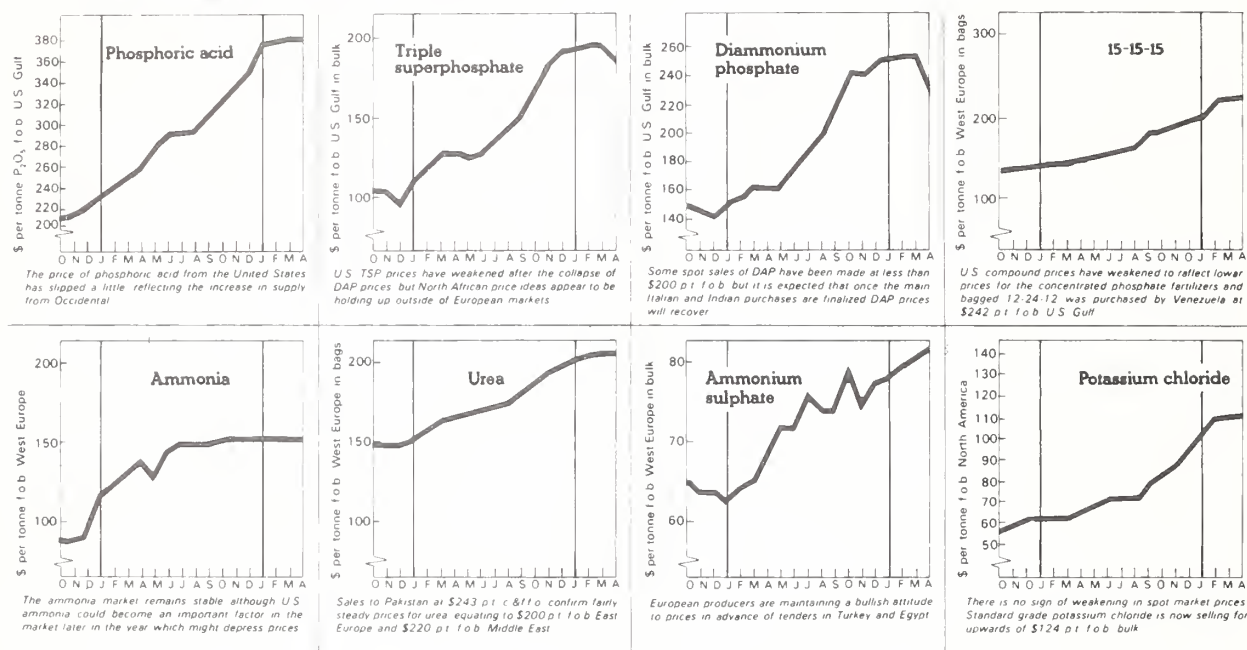
	Actual		Forecast
	1977/78	1978/79	1979/80
Nitrogen (N)	47.79	51.44	53.72
Phosphate (P ₂ O ₅)	28.19	30.51	31.43
Potash (K ₂ O)	23.15	24.79	25.51
Total	99.13	106.74	110.66

Source: FAO (actual); FAO/UNIDO/World Bank Fertilizer Working Group (forecast).

In February, the U.S. Government banned the export of superphosphoric acid to the Soviet Union for foreign policy reasons. Apparently, the Soviets have not yet been able to find sufficient alternate phosphate supplies. It is unlikely that the USSR will be able to replace even half of the 700,000 metric tons of phosphate nutrient originally scheduled for

shipment from the United States in 1980. The export ban has increased U.S. phosphate supplies and has led to flattened phosphate prices paid by U.S. farmers this spring. Soviet ammonia exports to the United States continue unimpeded. (Richard Rortved, *National Economics Division*, 202-447-7340)

Recent International Price Trends for Principal Fertilizers, 1979-1980



Source: British Sulfur Corporation, Fertilizer International, No 132, June 1980

WORLD COMMODITY DEVELOPMENTS

Grains

Grain Supplies Increasing

Early indications point to a recovery in world grain production in 1980/81, following last year's 4-percent drop. World harvested area, which declined during the past 3 years, is expected to increase significantly. Growing conditions have been generally favorable in most regions so far this year, and yields are expected to be above last year's levels.

World grain utilization may increase only slightly in 1980/81 with increased coarse grain use partially offsetting lower wheat use. World carryover stocks are expected to remain about the same, representing about 14 percent of utilization. However, stocks in the United States and other developed countries are

expected to be drawn down while the USSR will probably attempt to rebuild its stocks.

Wheat Crop Progressing Well

Growing conditions over much of the Northern Hemisphere winter wheat area have been better than last year, and a larger crop is in prospect. In the European USSR, generally cool and wet weather slowed development of winter grains. The spring wheat crop also encountered some early problems—notably a drought in parts of the Canadian prairie provinces and the U.S. Northern Plains. World wheat area is estimated up about 3 percent. Most of the increase will occur in the USSR and the United States, although gains are also likely in Europe, Argentina, and Canada. Crops in most regions are

World grain supply and utilization¹

	1977/78	1978/79	Estimated 1979/80	Forecast 1980/81
	<i>Million tons</i>			
Production	1,337	1,456	1,400	1,411-1,483
Trade	166	174	198	193-207
Consumption	1,340	1,420	1,430	1,425-1,470
Carryover stocks . .	192	227	197	190-210

¹ Coarse grains, wheat, and milled rice.

expected to recover from reduced 1979/80 harvests, except in China, India, and Australia. The 1980/81 world wheat crop is likely to recover from last year's reduced harvest, perhaps exceeding the trend level of 434 million tons.

World wheat utilization may decline because of an expected reduction in the USSR. In 1979/80 Soviet feed use of wheat was extraordinarily high because of large carryin wheat stocks and short supplies of coarse grains. Utilization in the rest of the world is expected to increase near trend in 1980/81. East European usage will rebound sharply if production recovers, but use may decline in India and China because of reduced harvests.

Following a 16 percent rise in 1979/80, little growth is expected in world wheat trade. East European imports are likely to decline substantially, and Western Europe and Japan may import slightly less. The USSR may import more wheat to rebuild stocks, partly because coarse grains will be less available to the Soviets with the U.S. sales suspension. China and the countries of North Africa and the Middle East are also expected to increase imports.

Exportable supplies of wheat are expected to be ample to meet world demand because of large car-

ryin stocks in the major exporting countries and expected large harvests. The EC may increase its exports further, as production outpaces domestic use.

U.S. wheat exports are forecast at 33 to 41 million tons in 1980/81, compared with an estimated 37 million last year. The U.S. share of world wheat trade could decline slightly from the 45 percent achieved in 1979/80.

Coarse Grain Use May Exceed Output In 1980/81

Early prospects indicate that world coarse grain production may recover from 1979/80's reduced crop, perhaps reaching a record high near the trend level of 755 million tons. Area is expected to increase about 1 percent, with gains in Latin America, North America, and India. Most of the production gain is expected in the USSR, where recovery is likely from 1979's shortfall. Smaller gains are anticipated in most other regions outside the United States. Although acreage is up 2 percent in the United States, yields may fall below last year's record levels suggesting some decline in production.

Following a slight drop in 1979/80, world coarse grain utilization may increase to a record high, with most of the increase expected to occur in the USSR. Consumption may increase significantly in China and in some of the developing countries. Use may decline slightly in Eastern Europe where more domestic wheat will be fed in place of imported coarse grains. Little growth in utilization is expected in most developed countries because of slowed growth in their livestock industries. In Western Europe, greater use of cassava and protein meal may further limit coarse grain use. In Japan, the rice disposal program may cause rice to be fed to livestock.

World coarse grain trade increased 13 percent in 1979/80 to a record high. If crop prospects in importing regions deteriorate, some further growth could occur. However, little or no increase is anticipated at this time. East European imports are expected to decline. USSR imports are projected to decline with the U.S. sales suspension in effect. North African, Chinese, and other East Asian imports are expected to increase significantly.

Foreign exportable supplies of coarse grains may be less ample than wheat supplies in 1980/81. Carryin stocks are low, Australian production may decline, and Argentine supplies will be very limited until the 1981 harvest.

U.S. 1980/81 feed grain exports are forecast at 66 to 77 million tons, compared with an estimated 73 million in 1979/80 and the previous high of 57 million in 1978/79. The United States has captured most of the recent expansion in world trade, increasing its share from 60 percent in the mid-1970's to an

World wheat supply and utilization

	1978/79	Estimated 1979/80	Forecast 1980/81
	<i>Million tons</i>		
Production			
U.S.	48.9	58.3	57-66
Foreign	398.9	361.3	365-400
World	447.8	419.6	420-455
Exports ¹			
U.S.	32.4	37.0	33-41
Foreign	38.8	46.3	45-50
World	71.2	83.4	80-90
Utilization			
U.S.	23.3	21.1	20-23
Foreign	401.3	417.6	405-420
World	424.6	438.7	421-443
Carryover stocks			
U.S.	25.2	25.0	23-35
Foreign	80.7	61.8	60-75
World	105.9	86.8	85-105

¹ July-June years.

World coarse grain supply and utilization

	1978/79	Estimated 1979/80	Forecast 1980/81
	<i>Million tons</i>		
Production			
U.S.	218.1	234.5	196-239
Foreign	530.7	494.3	510-545
World	748.8	728.7	720-765
Exports ¹			
U.S.	57.2	73.0	66-77
Foreign	33.0	28.8	27-32
World	90.1	101.8	96-107
Utilization			
U.S.	153.3	157.6	146-164
Foreign	587.7	577.6	585-610
World	741.1	735.2	735-765
Carryover stocks			
U.S.	46.1	52.1	29-53
Foreign	48.1	36.6	35-46
World	94.2	88.7	70-91

¹ July-June years.

estimated 72 percent in 1979/80. The United States, with large stocks and another large corn crop in prospect, is expected to maintain its share of the world market this year.

Rice Output Likely To Recover

Preliminary forecasts of 1980/81 world rice production point to a recovery from the weather-related downturn in the previous year. With some exceptions most major rice producing countries have experienced normal pre-planting conditions. World production may approximate 378-392 million tons (rough basis), 1 to 5 percent above 1979/80. While depleted subsoil moisture in India and severely reduced water reservoir levels in Thailand may restrain these country's yield potentials, normal monsoon performance in 1980 should enable both countries to substantially improve on last season's reduced harvests. Increased production is also thought possible in China, the United States, Burma, and Vietnam. Given the exceptional nature of growing conditions this past season in Brazil and Indonesia, appreciable increases in production during 1980/81 are unlikely.

World rice trade during 1981 is expected to continue near the high levels of the past 2 years. Some modest growth is thought possible as the fall-off in and Brazilian requirements is offset by likely

increases to Indonesia, the Middle East and Africa. While seasonal fluctuations will be a feature of 1980/81 price trends, the present assumptions concerning the level of world production and trade point to no dramatic changes in the overall level of world prices during the coming year.

The currently anticipated level of 1980/81 world production would allow world rice consumption to return to longterm trend levels after stagnating in 1979/80, but would not be sufficient to permit even a modest addition to world ending stocks. In fact, a drawdown of 1 to 5 millions tons is considered possible. The eventual level of Indian and Japanese rice production, subsidized rice distribution policies in India, and Japan's use of surplus rice as feed, are among the factors that will influence trends in the world's ending stocks during 1980/81. Japan and India currently hold approximately 55 percent of total world rice stocks. (*Sally Breedlove Byrne and Robert Tetro, 202-447-9160*)

Meals and Oils

Production in 1980/81 Not To Exceed 1979/80

The 1980/81 forecast for world production of oilseeds and meals is still uncertain. Output is not expected to exceed the 1979/80 record which resulted, in part, from unusually high yields. World production of protein meals (44 percent soybean protein equivalent) and total fats and oils for 1979/80 is estimated to have set a record for the third consecutive year. Current reports indicate that abundant supplies of oilseeds and protein meals are roughly 18 percent above trend.

In the Northern Hemisphere, 1979/80 production was mixed. The United States had bumper crops of soybeans, sunflowerseed, and cottonseed. U.S. sunflower production was nearly double the 1978/79 crop, and soybean production was 21 percent above last year's level. Canada produced an abundant amount of rapeseed and soybeans. Some Northern Hemisphere crops, however, did not show such substantial gains. In the Soviet Union, sunflower production increased less than 1 percent. Rapeseed production in Eastern Europe, particularly Poland, fell sharply due to poor weather conditions. Similarly, peanut production in India and Senegal dropped because droughts during the growing season adversely affected crop size and quality.

World Production

	1977/78	Percent change	Preliminary 1978/79	Percent change	Forecast 1979/80	Percent change
	<i>Million metric tons</i>					
High protein meals	79.0	+18	83.8	+6	98.4	+17
Total fats and oils	52.6	+10	54.8	+4	59.4	+8
Edible vegetable oils	35.2	+14	37.5	+7	41.9	+12

Selected Northern Hemisphere Oilseed Crops

	1977/78	Percent change	1978/79	Percent change	Forecast 1979/80	Percent change
<i>Million metric tons</i>						
United States:						
Soybean	48.0	+36	50.9	+6	61.7	+21
Sunflower	1.3	+191	1.8	+38	3.5	+94
Cottonseed	5.0	+33	3.9	-22	5.2	+33
U.S.S.R. sunflower	5.9	+12	5.3	-10	5.4	+2
Canadian rapeseed	1.9	+139	3.5	+84	3.6	+3
Indian peanuts	6.1	+15	6.4	+5	6.0	-6
Senegalese peanuts .....	.7	-65	1.1	+57	.7	-36

Selected Southern Hemisphere Oilseed Crops

	1977/78	Percent change	Preliminary 1978/79	Percent change	Forecast 1979/80	Percent change
<i>Million metric tons</i>						
Brazilian soybeans	10.2	-19	10.2	0	15.2	+49
Argentine soybeans	2.7	+86	3.7	37	3.4	-8
W. Malaysian palm oil ¹	1.6	-12	1.9	+19	2.2	+16

¹ Continuous production.

In the Southern Hemisphere, the 1979/80 crop harvest is nearing completion. Brazil's crop has matured under favorable climatic conditions and is likely to rise nearly 50 percent above the 1978/79 output. Although Argentina's oilseed crops were damaged by rains and floods, increased Brazilian supplies are offsetting the reduction in Argentina's crop. Total 1979/80 South American supplies, therefore, will be abundant.

The forecast for 1980/81 world production of oilseeds and meals is uncertain. Growers' April 1 planting intentions for 1980/81 in the United States, the producer of almost half the world's supply of oilseeds, indicate a slight decline in soybean acreage, and a sharp decline in sunflowerseed acreage. Production for 1980/81, therefore, is expected to decline in the United States. Canadian production could be down slightly because relatively better returns for grain may decrease oilseed acreage. In India, the 1980/81 groundnut crop could increase slightly with a normal monsoon.

Soybean output in Argentina and Brazil is expected to be increased slightly in 1981. Better price relationships of alternative crops in Argentina may

result in only slight production gains. Brazil's production is expected to grow only marginally following a large crop in 1980. Difficulties with adequate transport and storage facilities for soybeans and sharp increases in production costs are factors limiting production growth.

Protein Meal Use Increasing

For 1980/81, abundant supplies and competitive prices relative to other feeds are forecast to be key factors of increasing world oilseed and meal consumption. Expectations of an economic slowdown and slower livestock production in developed markets, however, are factors which could limit rapid expansion in consumption.

World oilmeal consumption is reaching a record level in 1979/80, but is expanding at a slower rate than production. The 1979/80 prices of oilseeds, protein meals, and vegetable oils have fallen below their respective 1978/79 level, thus increasing global use. Nevertheless, record U.S. soymeal and soyoil stocks are anticipated for 1979/80. The U.S. soymeal stocks are expected to rise 5 million tons, and soyoil stocks

World production, consumption, and U.S. stocks

	1976/77	1977/78	Prelim. 1978/79	1979/80 forecast
<i>Million metric tons</i>				
Production protein meals ¹	66.5	78.8	83.8	98.4
Change U.S. soymeal stocks (mktg. yr.)	-3.2	+1.2	-.1	+5.0
Apparent consumption	69.7	77.6	83.8	93.4
Production edible vegetable oils	30.8	35.3	37.5	41.9
Change U.S. soyoil stocks (mktg. yr.)	-.9	+3	+1	+1.2
Apparent consumption	31.7	35.0	37.6	40.7

¹ 44% protein meal equivalent.

are expected to increase 1.5 million tons in the current marketing year. Apparent world protein meal consumption and edible oil consumption are expected to increase 11 percent and 8 percent, respectively.

In the United States and European Community, the price relationships between soymeal and feed grain favor soymeal usage. Meal and oil demand is growing more rapidly in developing countries, particularly Mexico and the People's Republic of China, because of increased meat consumption resulting from rising incomes, and government policies promoting increased usage.

For 1980/81, the EC is expected to consume more protein meal because more manioc is expected to be used for compound feed. Expanded crushing capacity in Spain is likely to favor demand for soybeans over demand for meals. For the developing markets in Asia and Central America, protein meal use is forecast to increase to satisfy needs of the growing livestock sectors. China's demand for imports of soybeans, barring crop problems, is likely to level off in 1980 following rapid import growth in 1979.

U.S. Exports Face Competition in 1980/81

In 1980/81, U.S. exports are expected to face competition from South America's abundant export supplies. U.S. exports of soybeans and products are remaining strong throughout 1979/80. Estimates of soybean, soybean meal and soybean oil exports for 1979/80 are 23.1, 6.8, and 1.2 million tons, respectively. Lower prices boosted import demand for soybeans in the PRC and many other importing nations. In Brazil, crush during the coming months will be primarily for domestic use. Consequently, U.S. exports during 1979/80 are not competing heavily with South American exports.

With the growing Brazilian poultry sector's demand, growth in Brazil's exportable soybean and meal supplies during 1980/81 should be up about 1.5 to 2.0 million metric tons over 1979/80. U.S. meal exports may decline, while soybean exports can be expected to rise further because Brazilian exports are mostly in the form of meal. U.S. soybean exports are still expected to comprise almost half of world oilseeds and meal exports in 1980/81. Jan A. Lipson 202-447-9160).

Livestock and Poultry

Cattle Numbers Rising

The long-awaited upturn in cattle numbers has begun in most of the major beef and veal producing countries that exhibit distinct cattle cycles. Cattle numbers in Canada, the United States, and many of the Central and South American countries showed small increases from year earlier levels at the beginning of 1980. However, Argentine and Australian

inventories continued their decline of the past several years. With most countries showing substantial declines from year-earlier levels in cow and calf slaughter and increased retention of breeding heifers, there will be a buildup in the cattle herds during 1980. However, drought in Australia and recent floods in Argentina may substantially slow the buildup in these two countries. There has been no indication of any significant "distress slaughter" in Australia because of the drought. However, uncertainty still exists as to how many animals can be maintained on the severely depleted grass cover in the drought area. In Argentina, there are reports of considerable cow and calf losses and numerous cows aborting because of recent floods.

Cattle numbers in the major beef producing areas that normally do not have distinct cattle cycles are not expected to show much increase. Cattle numbers in Western Europe will remain fairly stagnant. Reduced grain and fodder production in 1979 is continuing to impact on growth in cattle numbers in Eastern Europe and the USSR.

Beef and veal production in 1980 will continue to show year-to-year declines in many areas because of the reduced inventories of cattle and herd rebuilding. The combined U.S. and Canadian 1980 output of beef and veal is expected to drop 2 to 3 percent below 1979 levels. Argentine output may be down 6 to 8 percent, but Australia will likely show the largest decline of any of the major producing areas—10 percent or more. Brazil, and some other Central and South American countries, probably will be the only major producing areas to show any significant increases.

Pork Supplies Abundant

Pork production has expanded rapidly in many areas of the world in the past few years and will continue to show a fairly large rate of expansion in 1980. However, large pork supplies in many areas have reduced prices to levels which are yielding inadequate returns to producers. Thus, the expansion in output will slow considerably by late 1980, especially in many of the developed countries.

U.S. pork production in 1980 will total around 7.7 million tons, 8 to 10 percent above a year earlier and a third higher than in 1976. Canadian production is expected to be up 12 to 14 percent to 850,000 tons. Output in the EC-9, the largest pork producing region, will only show a small increase. Pork production in Eastern Europe and the USSR may show little, if any, increase because of lack of feed grain supplies. Many of the Central and South American countries are expected to have significant expansion in pork production in 1980. Relatively high prices for beef have resulted in strong demand for pork. However, expansion in these countries may be somewhat reduced by high feed prices and feed availability problems. Brazil's pork industry is still recovering

from the outbreak of African swine fever in 1978. Producers are rapidly rebuilding their breeding herds, and hog numbers could exceed the pre-outbreak level of 37.6 million by the end of this year. Brazilian pork production in 1980 could increase 10 percent or more to 1 million tons. Japanese output, forecast at 1.5 million tons, is expected to increase at about one-half of the 10-to 12-percent rate of expansion of the past few years.

Poultry Expansion Slowing

Poultry output will be above 1979 levels in most of the world's large poultry producing countries. However, producers in some areas are currently in a price-cost squeeze because of large supplies of poultry and competing meats. Poultry output in Canada, the United States, Western Europe, Eastern Europe, and the USSR will show a much smaller expansion than in recent years. In fact, U.S. output may be up only 2 to 3 percent, compared with 10 percent in 1979. Canadian producers are somewhat protected from oversupply situations by their Marketing Boards, which guarantee certain profits to producers. However, large meat supplies are causing the Marketing Boards to reduce the 1980 production quota below 1979.

The largest increase in poultry output in 1980 will be in Brazil—maybe 16 to 18 percent above 1979 and double 1976's output. The rapid expansion in Brazilian poultry production has been the result of strong domestic demand and sharply increasing exports to Mideast markets.

Meat Trade To Be Lower

World meat trade in 1980 will likely be lower than in 1979 because of reduced pork and beef trade. Large supplies of domestically produced meat and a sluggish economy have reduced U.S. demand for imported beef and veal. Several other countries, such as Korea and Israel, are reducing their imports in order to protect their domestic beef industries. On the other hand, USSR and the EC will import more beef.

Pork-meat trade may show substantial declines because of large domestic production in many countries that are traditionally large importers. These countries, such as Japan, are limiting imports in order to protect their vulnerable domestic industries.

In contrast to beef and pork, poultry-meat trade will likely increase in 1980. West European countries have signed several export contracts to supply poultry meat to the Soviet Union. Also, Mideast markets are demanding substantially more poultry meat in 1980 than last year. With Western Europe sending much of their exportable supplies to the USSR, export sales by the United States and Brazil to the Mideast in 1980 will be up considerably from 1979. *Gerald Rector, 202-447-8133*

Sugar

Production Likely Still Below Consumption in 1980/81

In 1980/81, more favorable weather and increased sugarbeet plantings in response to higher world sugar prices are likely to raise world sugar production. Additional sugar cane plantings in 1980 will not be harvested in the 1980/81 season, however, and Cuba will need more than one season to recover from its severe cane rust problems, limiting the increase. World sugar consumption in 1980/81 probably will increase above the 91 million tons estimated for 1979/80, but should be moderated by high prices and the slowdown in the world economy. In sum, world sugar production in 1980/81 again will probably fall short of consumption, keeping prices strong and probably pushing them even higher by year's end.

World sugar production in 1979/80 is estimated at 85.4 million tons (raw value), down more than 2 million tons since USDA's estimate in November (table 18). The estimate is 5 million tons below last season's level and about 5 1/2 million below estimated consumption. World carryover stocks at the end of the 1979/80 season in August will probably decline to 26 million tons or 29 percent of consumption. Hence, the International Sugar Agreement (ISA) world sugar price averaged 19.8 cents a pound during the first quarter of 1980, nearly 2-1/2 times the depressed 8.1-cent average in the first quarter of 1979.

Soviet sugar beet production was down sharply from last season and cane sugar output was down significantly in some major producing countries, such as Brazil, Cuba, India, and Thailand.

The International Sugar Organization Council met in London in March and adopted a one-cent increase per pound to bring the new price objective to a range of 12 to 22 cents, with the various trigger points relating to export quotas and special stocks also increasing by one cent. The Council was unable to adjust individual country quotas by the March 31, 1980, deadline, and hence the Agreement's "fall-back" provision came into effect on April 1, with Basic Export Tonnages (BET's) determined by formula. The net result is a total BET of 15.6 million tons in 1980, about 300,000 tons more than in the original Agreement.

On April 22, 1980, the President signed the International Sugar Agreement Act (H.R. 6029), which provides for implementing legislation and full U.S. participation in the ISA. (*David Young, 202-447-9160*)

Coffee and Cocoa

Coffee crop prospects down slightly in 1980/81

The outlook for 1980/81 points to a decrease in world coffee production. The decline is largely a

reflection of limitations on Brazil's 1980 yield potentials as a consequence of the May 30-June 1 freeze last year. New and renovated areas are expected to increase Colombia's production, while favorable growing conditions to date should contribute to increased production in Nicaragua, Indonesia, Malagasy, and the Ivory Coast. A long dry spell late in the flowering stage of Kenya's crop has reduced that country's 1980/81 production prospects. Similarly, weather-related limitations on yields are responsible for lower crops expected in India, Rwanda, and Burundi. The decrease in production will result in world exportable production in 1980/81 that is down about 500,000 bags from the current year. Availabilities are expected to be down about 1 million bags in Brazil, while Costa Rica is anticipating exports at record levels.

Revised estimates of world coffee production now place the 1979/80 total at 79.7 million (60 kilogram) bags, down 1.1 million bags from the January estimate, primarily due to downward revisions for the Ivory Coast, Brazil, Mexico, Ecuador, EL Salvador, Guatemala, Costa Rica, Ethiopia, Venezuela and Tanzania. Partially offsetting these declines were upward revisions for crops in Colombia, Peru, Indonesia, India, and Kenya.

Downward pressure on coffee prices in early 1980 resulted from increased supplies of coffee in Latin America and price rebates offered Brazilian roasters in an attempt to meet 1980 export targets. Such pressures were mitigated in part by market activities of the Bogota Group and political and civil difficulties in a number of producing countries.

The International Coffee Organizations' 1976 composite price stood at \$1.63 per pound in February 1980, down 17.7 percent from the September 1979 level of \$1.98. Since February, prices have firmed somewhat, largely due to buying in anticipation of a freeze. Reasonably firm prices should prevail until the possibility of a freeze disappears in late summer. Added firmness could come from price support action

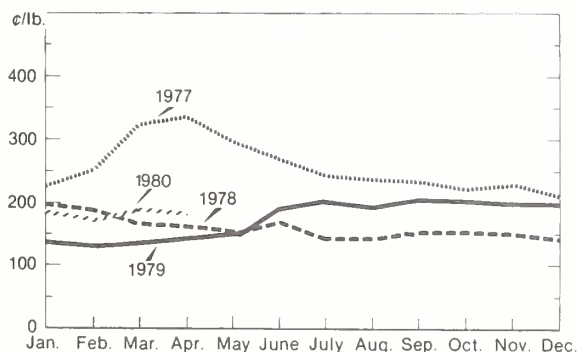
by the Bogota Group. Should Brazil's crop come through its winter without damage, production limitations consequent to last year's freeze and the essentially unchanged outlook for exportable production in 1980/81 should act to keep prices reasonably firm throughout the coming season.

World Cocoa Bean Output Still a Record

World cocoa bean production for 1979/80 is currently expected to reach a record 1.59 million tons, down slightly from earlier estimates because of weather-related problems for the Brazilian temporao harvest. The reduction was largely offset by increased production in the Ivory Coast, Cameroon, and Ecuador. If realized, present production prospects would exceed the previous year's outturn by over 6 percent and world stocks would rise for the third straight year. Reflecting this improved supply situation, cocoa grindings in 1980 are expected to increase slightly over the 1979 level of 1.42 million tons. Price trends (the average of the nearest 3 active futures trading months on the New York market) during the past few months reflect this supply situation, having dropped to \$1.13 per pound in May 1980 from \$1.39 in January.

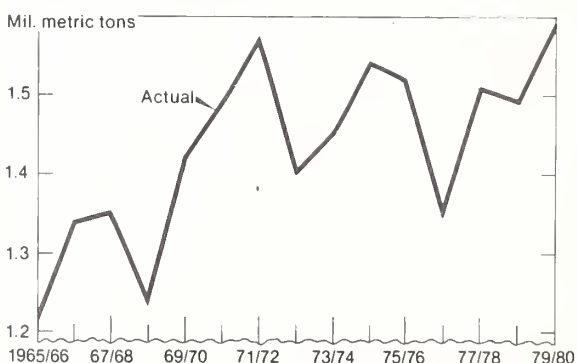
At the recent June meeting of the International Cocoa Organization (ICCO) in London, member nations agreed to postpone any action for the liquidation of the \$220-million buffer stock fund until the next ICCO meeting scheduled for September 8-12, 1980. Declining cocoa prices have prompted "hard line" producers to reconsider the demise of the International Cocoa Agreement (ICA), which expired on March 31, 1980. The Secretariat of UNTAD has offered space available during July 28 through August 3, 1980, for meetings between producers and consumers, which could pave the way for negotiations toward a new ICA. (Robert C. Tetro, 202-447-9160)

Coffee Price *

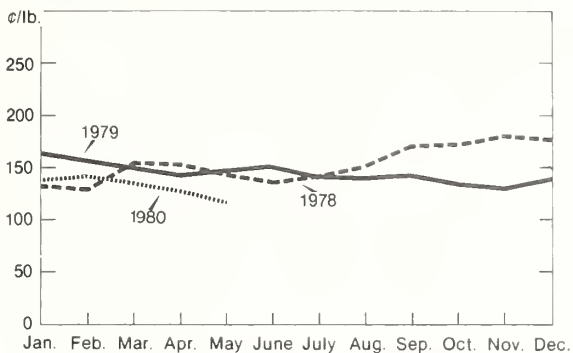


*International Coffee Organization composite price

World Cocoa Bean Production



Cocoa Price *



* Average of nearest three active futures trading months on New York Cocoa Exchange

USDA

Neg. ESCS 2262 80(6)

Cotton

Supply and Demand Nearly Balanced in 1980/81

In 1980/81, world cotton production may remain near this year's level, ranging from 63 to 68 million bales, with an increase in foreign production offsetting a decline in U.S. output. Foreign production is expected to range between 50 and 53.6 million bales, due to an estimated 3 percent gain in area; yields, however, may fall as last year's excellent weather in some major producing countries may not be repeated. U.S. production is expected to be down, ranging from 12 to 15 million bales, as increased plantings will probably not offset an expected return to more normal yields.

World cotton consumption in 1980/81 is expected to increase, although not as much as the previous year due to slower world economic growth. World cotton trade may remain near this year's level, but U.S. cotton exports are expected to be lower, ranging from 6 to 8.5 million bales.

Record World Production, Consumption, and Exports in 1979/80

World cotton production in 1979/80 is forecast at a record 65.4 million bales, 9 percent above last season (table 16). The United States is responsible for much of the increase, producing an estimated 14.6 million bales due to larger plantings and record yields. Foreign production is estimated at 50.7 million bales, up over 3 percent from last season with large increases in the USSR and Pakistan.

World cotton consumption in 1979/80 is estimated at a record 64.7 million bales, up 3 percent. U.S. cotton consumption is estimated up slightly at 6.5 mil-

Cotton production and consumption

Year	Production		Consumption	
	World	Foreign	World	Foreign
Mil. 480-lb. bales				
1975/76 ..	54.0	45.7	61.2	53.9
1976/77 ..	57.4	46.8	60.9	54.3
1977/78 ..	64.1	49.7	61.1	54.6
1978/79 ¹ ..	60.0	49.1	62.8	56.5
1979/80 ² ..	65.4	50.7	64.7	58.3

¹ Estimated. ² Forecast.

lion bales. Foreign cotton use is expected to increase around 3 percent due to continued income growth and the higher price of oil-based synthetics. Textile demand in Asia, and in China especially, has shown the largest growth. Chinese consumption is estimated up 800,000 bales from last season as the Chinese expand textile production and exports.

World cotton exports are estimated at a record 22.3 million bales, about 2-1/2 million above last season, primarily reflecting large Chinese imports and record world consumption. U.S. cotton exports, because of large imports from China, strong mill consumption elsewhere, and smaller sales by some other exporters are forecast at 9 million bales, 46 percent above 1978/79 and the largest since 1931/32 table 17.

This strong world demand and speculation pushed the Northern European Outlook "A" Index to an average 97.1 cents per pound in February, but the Index declined to 90.6 cents in April as speculation eased. In May the Index averaged 88.4 cents, and it continued its decline in early June due to predictions of a slowdown in world economic growth and prospects of a large cotton crop in 1980/81. *David Young, 202-447-9160*

Cotton Prices *



* C I F northern Europe.

△ Outlook "A" index of Liverpool cotton services. Average of 5 lowest priced of 10 selected growths

USDA

Neg. ESCS 2503-80(6)

Tobacco

World Tobacco Production to Recover in 1980

Early indications suggest that world tobacco production will recover in 1980, particularly if weather conditions are favorable. With larger quotas for flue-cured and burley tobacco, the 1980 U.S. crop should increase sharply, perhaps by one fourth if yields recover to normal levels. Canada and Mexico are both expected to harvest larger crops. African output is expected to increase and most other areas should harvest at least as much tobacco as they did in 1979.

World tobacco production in 1979 is estimated at 5.44 million tons (farm-sales-weight basis), 3 percent below the revised 1978 output of 5.62 million tons (table 20). North American output fell 23 percent, mainly due to the outbreak of blue-mold disease in the United States and Canada. Asian leaf output

dropped 5 percent, primarily because of smaller crops in India, Turkey, China, and Japan.

U.S. cigarette production in 1979 increased 1 percent to a record 705 billion pieces, with exports and inventories rising. Japanese production increased slightly to 303 billion, while apparent consumption also increased to 307 billion. South Korea's production and consumption were up slightly, while Brazilian output and use remained constant.

U.S. unmanufactured tobacco exports in 1979 totaled 257,387 tons, 19 percent below the 1978 record (table 21). A drop of nearly 30 percent to the EC accounted for most of the decline. U.S. duty-paid imports of leaf and products were up 8 percent to \$463.4 million. Unmanufactured leaf exports for 1980 could increase from the low 1979 level, but the increase will be moderated by high stocks held by major importers, a general slowdown in world tobacco use, and large crops in competing Southern Hemisphere countries. *David Young, 202-447-9160*

REGIONAL AGRICULTURAL DEVELOPMENTS

United States

Farm prices rose 15 percent during each of the past 2 years with livestock prices making the most rapid increases. This year, prices of agricultural commodities are expected to average about the same as in 1979. Grains and oilseeds supplies are abundant because of the very large production last year. Meat supplies have been record large early in 1980 as sharp increases in pork and broiler production have more than offset a moderate decline in beef. Large supplies of crops and livestock coupled with the recent sales suspension of grains and oilseeds to the USSR and declining real consumer incomes have put downward pressure on farm prices. The leveling off in farm prices has slowed the rise in retail food prices and coupled with rapidly rising production expenses, is resulting in a sharp decline in farm income this year.

Farm Prices About Steady

The leveling off in crop and livestock prices this year contrasts with the first half of 1979 when prices were rising. Average farm prices this spring were about 4 percent below a year earlier, but about the same as in the winter. Weather conditions in the United States and abroad will be important determinants of crop prices in the second half. However, continued strong domestic use and exports will support crop prices during the summer and fall.

Livestock prices are expected to strengthen later in 1980. Pork production has been on an upswing for

several years and production will remain large in the second half. However, farmers are reacting to the cost-price squeeze and by the end of the year pork production likely will be near year-earlier levels. Similarly, broiler production will drop below a year earlier in the second half. Beef output has been declining for several years as cattle producers reduced herds in response to low prices in the late 1970's. With higher prices in 1979, the Nation's cattle herd likely will increase this year and the supply of animals available for slaughter in the second half will be larger. However, cattle feeders have been reluctant to fill their lots because of lack of incentives, so beef production late this year may be about the same as last fall. On balance, red meat and poultry production late in the year will be smaller than in 1979, leading to higher livestock prices.

Farm Income Declining

Cash receipts from farming will rise this year because of larger marketings, particularly for crops. Prices in 1980 may average close to 1979 levels. However, farm production expenses continue to rise rapidly. Fuel prices are up sharply and will more than offset a decline in use. Fertilizer and interest costs also rose rapidly. Feeder cattle prices have declined and will partially offset increases in other farm inputs. With increases in production costs outpacing gains in cash receipts, farm income will decline into the mid-\$20-billion range. Last year, income exceeded \$33 billion, primarily reflecting higher farm prices.

Food Price Rises Moderating

Food prices have had a moderating influence on the general inflation rate in recent months, rising less than half as fast as nonfood items. This has been due to the relatively stable prices of farm commodities. Most of the momentum in food price increases has come from widening marketing spreads, which reflect the general inflation rate.

A moderate, but steady rise in retail food prices is in prospect for the second half. Farm commodities will contribute more to the rise than in the first half. For the year, retail food prices are expected to increase 7 to 11 percent, compared with an increase of 11 percent in 1979. Most of this increase will be the result of larger farm-retail spreads.

Early Spring Speeds Plantings

The spring was early, so Midwest farmers seeded corn and soybean acreage quickly. Farmers have said they would plant 3 percent more acres to crops this spring. Last year, crops went in late because of the cold, wet spring. Moisture supplies are adequate and crops are off to a good start in the Midwest. This should lessen the risks of hot weather related damage during corn pollination and the possibility of early frost damage next fall.

Conditions are not nearly as good in the Northern Plains where soil is very dry and crops are off to a slow start. Without frequent rains during the growing season to make up for the lack of subsoil moisture, yields of spring-seeded grains in the Northern Plains will be low this year.

With favorable moisture, crop production this year will again be large. Thus, there will be adequate production to support high exports and domestic use.
Don Seaborg, 202-447-8378

Western Europe

Another Large Grain Crop Expected

Weather conditions were generally favorable for winter grains in most countries of Western Europe. Grain area is estimated to be only marginally up from 1979 but slightly better yields are expected to push Western Europe's 1980 grain production above the 1979 level, although this year's output will probably fall short of the 1978 record. Much of the increased grain production will be in wheat. Barley production is also expected to be up but corn production, particularly in France, will be down from 1979. Grain production is expected to recover from reduced 1979 levels in both Spain and Portugal, while unfavorable weather in Greece likely will lead to a smaller grain crop.

With potential for record supplies of wheat in 1980/81, accompanying downward pressure on wheat prices—keeping them close to support price levels—will likely cause a continued increase in the use of wheat for feed. Record or near-record supplies could exist for barley as well. EC grain exports are expected to increase during 1980/81, although the actual amount exported will depend on two key policy decisions by the EC Commission—the level of export subsidies and a determination on EC stocks policy.

Sugar Output Likely To Be Large

Despite large sugar surpluses in many West European countries, particularly in the Community, reduced world supplies and high prices are likely to result in another large sugar crop. Uncertainties surrounding the future of EC sugar policies are not expected to deter an expansion in the Community's sugarbeet area but less favorable yields could result in some drop in production in 1980.

Livestock Output To Increase

The outlook for 1980/81 is clouded by expected higher production costs, continued slow growth in livestock product consumption—caused by inflation and slow income growth—and a hazy export outlook. Sluggish demand in both domestic and export markets will have a continued depressing effect on product price increases. However, feed price increases could moderate going into 1981 with a potential strengthening of feed-livestock price margins compared with 1979/80.

Meat production in Western Europe is expected to rise less than 2 percent in 1980, compared with about 4 percent in 1979, but the rate of increase should improve in 1981. Gains in the non-EC countries are expected to be much higher than in the Community, where expansion in the pork sector is expected to slow appreciably during 1980. The largest gain will likely be in poultry meat, at about 3 percent.

EC Support Prices To Average 5 Percent Higher

In February 1980, the EC Commission initially proposed increases for support prices of most agricultural products of between 2 to 3.5 percent. For most grains, the target price—which represents the level the EC wants the market price to approximate and from which the threshold or minimum import price is derived—was proposed to go up 3.75 percent. For products now in surplus, such as dairy, beef, and sugar, a rise of 1.5 percent was recommended. While the Commission took into consideration inflation and rapidly rising costs of production, its initial proposal weighted more heavily the need to keep farm sur-

pluses and their concomitant expenditures from bursting the EC's agricultural budget.

Agreement among the nine Agricultural Ministers, who tended to weight the need to cover increasing production costs more heavily than the budgetary constraint, will effectively add 2.5 percentage points to all the original price adjustments recommended by the Commission. Overall EC farm support prices will be increased by an average of about 5 percent as opposed to the original price proposal which would have averaged about 2.5 percent higher. In the dairy sector, the 4-percent target price rise (original proposal called for 1.5 percent) is only partially balanced by a flat-rate 2-percent producer tax (coresponsibility levy) on milk deliveries and will likely stimulate further production increases in 1980/81. *John Dunmore, 202-447-8289*

Canada

The 1980 grain crop is off to a poor start in Canada's prairie provinces where over 95 percent of the wheat is grown. A dry fall, below normal snowfall in the winter, and a severe spring drought accompanied by high temperatures have considerably reduced the prospect for a strong rebound from last year's poor crop.

Canada's small 1979 crop points to a moderate reduction in wheat stocks and a sharp reduction in coarse grain stocks when the 1979/80 crop year ends on July 31. Exports of wheat in 1979/80 are estimated at 14.0 to 14.5 million tons, compared with an average of 14.2 million in the 1977-79 crop years. Coarse grain exports will probably range from 4.5 to 5.0 million tons, up from a 4.1-million-ton average in the 3 previous years. Total exports of grains and oilseeds may reach 22.0 million tons and exceed the record export level of 20.5 million tons in 1972/73.

Cattle Numbers Level Off

On July 1, 1979, cattle numbers in Canada were the same as a year earlier, marking the end of the liquidation phase of the cattle cycle. Yet, cow and heifer slaughter ran very high during the first quar-

ter of 1980, and prices declined from month to month in contrast to continuous monthly price increases in the first quarter of 1979.

Tight supplies in the usual beef exporting countries and a relatively weak Canadian dollar contributed to a situation where Canada's first quarter exports of beef and veal were 44 percent higher than a year ago, while imports were 54 percent lower. This left Canada in the unusual position of being a net exporter of beef with total exports exceeding imports by 15 million pounds.

Total Canadian hog output increased 22 percent from a year ago in the first quarter of 1980. A record 3.4 million head were slaughtered, 47 percent above the 1970-79 first-quarter average of 2.3 million. Pork exports increased 34 percent and imports decreased 24 percent from year-ago levels. The resulting 48 million pound net trade balance was 50 percent higher than the year-earlier surplus. First quarter 1978 had a 6-million-pound deficit trade balance. *Pat Weisgerber, 202-447-8378*

Australia

Wheat Exports Hit Record

Australian wheat exports will reach record levels during the December 1979 to November 1980 crop year. Wheat shipments during the first 5 months totaled 6.0 million tons, nearly double the rate of last year. Those rates were made possible by two consecutive excellent crops and a minimum of grain handling problems. Grain stocks will likely be reduced from the liberal levels of a year ago.

The recently planted winter wheat crop was hampered by dry conditions. Most of the continent missed out on the normal Australian summer rains, and March rainfall was very much below average leading to severe and serious rainfall deficiencies. However, rains in late April and May broke the general drought and provided moisture for germination. The area planted for harvest is estimated at 11.5 million hectares, slightly below the 11.8 million of last year. Expected yields are 1.0 to 1.4 metric tons per hectare, generally below the 2 previous years. Coarse grain area is expected to continue at 4.5 million hectares.

Drier-than-normal weather during the beginning months of this calendar year reduced oilseed crops which were recently harvested. Imports of perhaps 35,000 to 40,000 tons of soybeans will be required to maintain domestic crush.

Beef Output Down

Beef and veal production in 1980 is expected to be 10 percent less than last year. Farmers and ranchers are withholding cattle from slaughter to rebuild the

Grain production and exports, Canada

Commodity	1977/78	1978/79	Estimated 1979/80	Forecast 1980/81
<i>Million tons</i>				
Wheat:				
Production ..	19.9	21.2	17.7	17.0-21.0
Exports	16.0	13.1	14.4	13.5-16.0
Coarse grains:				
Production ..	22.3	20.4	18.7	19.0-22.0
Exports	3.7	3.9	4.8	3.5-5.5

herd. However, there are two unexpected developments this year. Prices have declined since the first of the year while producers had expected stable to rising prices. This may explain part of the 33-percent decline in slaughter during first-quarter 1980. The other factor is the drought in eastern Australia. Water and forage have been transported to some of the affected areas and cattle have been shipped to areas with adequate pasture. Some forced marketings are anticipated but slaughter may only increase to last year's levels for a few months. Poultry, pork, and lamb production are increasing in 1980 which will partially offset the decline in beef output.

Reduced beef production brought about by the decline in the cattle herd in recent years will likely hold domestic beef consumption 5 percent or more below last year's level and reduce exports. Moreover, beef exports to the United States are not likely to reach the 400,000-ton target anticipated at the first of the year. *Allen Johnson, 202-447-8378*

Japan

Rice area diversion efforts will be stepped up in 1980 with the Government target reduction level being increased from 1.7 to 2.45 million tons. The area targeted for diversion this year has similarly been increased from 391,000 to 535,000 hectares. Since this area will be planted to certain priority crops (wheat, barley, soybeans, forage products, etc.), import demand for these crops will decline somewhat.

The 5-year surplus disposal program moves into the second year. Japan subsidized the export of about 850,000 tons (brown) in the first year of the program (April 1979-March 1980), well above its target of 200,000 tons and about 6 percent of total world rice trade. The subsidized nature of these exports motivated the American Rice Millers Association (RMA) in April 1980 to file a complaint under Section 301 of the 1974 Trade Act. Following bilateral talks on April 10 and 11-during which the Japanese agreed to limit rice exports during the remaining 4 years of the program to an average of 400,000 tons per year--the RMA's complaint was withdrawn.

So far no rice has been utilized as feed, although 500,000 tons had been scheduled for use in feed in Japan's fiscal year 1980. By limiting rice exports, the amount used as feed could go as high as 800,000 tons per year for the next 4 years. This would reduce import demand for feed grains, especially corn and sorghum.

Livestock Output To Slow

Livestock production in Japan has shown some signs of slowing down. A combination of factors,

including a slower rate of growth in real personal income, rising grain prices, and the depreciation of the yen are responsible. Although average prices received for livestock products have remained fairly strong through 1979 and into 1980, average feed prices have increased gradually since April 1979. A 10-percent increase in feed prices in January 1980 will cut more severely into producers' profit margins through the remainder of the year. Government incentives to cull low producing cows and to purchase and stock domestic and imported pork meat should help stabilize producer prices for milk and pork in the near term. *William Coyle, 202-447-8860*

Livestock and feed price indices, Japan

Year	Prices received for livestock products	Prices paid for feed	Ratio ¹
1975 = 100			
1976	103.4	102.9	100.5
1977	102.9	100.9	102.0
1978	100.5	87.8	114.5
1979	104.0	88.7	117.2
1979			
July	105.5	92.2	114.4
Aug.	103.1	92.8	111.1
Sept.	106.7	93.0	114.7
Oct.	104.7	93.0	112.6
Nov.	107.6	93.1	115.6
Dec.	110.3	93.1	118.5
1980			
Jan.	104.4	102.4	102.0
Feb.	107.6	104.4	103.1
Mar.	111.8	105.0	106.5

¹ Prices received for livestock products index divided by prices paid for feed index.

USSR

U.S. Suspends Agricultural Shipments to USSR

In response to the Soviet invasion of Afghanistan, the United States took a series of national and foreign policy actions—one of which was the suspension of most U.S. agricultural exports to the Soviet Union effective January 7, 1980. The commodities affected were those directly used in the Soviet feed-livestock economy and those which could substitute for feed or meat under certain circumstances.

Acting within the scope of its international commitments, the United States remained willing to supply the USSR the 8 million tons of grain which the U.S.-USSR Grain Agreement required in each of the fourth and fifth years of the Agreement. Nevertheless, for the period October-September 1979/80, the suspension denied the Soviets about 13 million tons of U.S. corn, 4 million tons of wheat, about 1.3 million tons of soybeans and soybean meal, and lesser quantities of poultry and other commodities.

To help offset the reduced availabilities of U.S. commodities (principally grain), the Soviet authorities reduced stocks to a bare minimum, searched for non-U.S. feed grains and meat on the world market (paying higher prices), made adjustments in livestock feeding, slaughtered lighter-weight animals, and reduced herd expansion. The Soviets were probably able to acquire only about 31.2 million tons of the 37.5 million tons they had planned to import during July/June 1979/80 before the imposition of U.S. trade restrictions, and the burden of the shortfall fell entirely in the last half of marketing year.

Livestock Inventories Reduced

Despite the poor 1979 grain and forage crops, Soviet policy statements suggested that livestock inventories were to be maintained. However, Soviet statistics for the first third of the year reflected somewhat higher-than-normal drawdowns of livestock. Hogs on state and collective farms numbered 55.0 million as of May 1, down 600,000 from a year earlier. Sheep and goats were down 2.6 million head, and cattle numbers, at 93.4 million head, were but 700,000 above last year's total. Even poultry flocks, which may have received preferential access to feed supplies, were expanding at a slower-than-normal rate. April weights of cattle and hogs for slaughter, at 351 and 99 kilograms, respectively, were lighter for cattle than a year before but the same for hogs. In both instances, procurement weights were below preferred levels. Livestock in the private sector certainly wintered no better than those in the socialist sector, and while no monthly statistics on privately-owned livestock are published, numbers and weights probably followed the same trends. The Soviets had already reduced their 1980 meat goal from 17.3 million to 15.7 million tons, and on the basis of early

performance, attaining even this reduced level of production is not certain.

Larger 1980 Crops Expected

Assuming grain area in 1980 is equal to the 1975-1979 average of 128.2 million hectares, a yield trend analysis would suggest a Soviet grain crop of 215 million tons. But Soviet grain crops have been highly variable and even a deviation of 20 million tons on either side of trend would include total Soviet grain output in only 2 out of 3 years. Based on crop conditions through early June, USDA estimates the 1980 USSR grain crop to range from 190 to 220 million tons. Neither a repeat of last year's poor crop (179 million tons) nor a bumper crop of 1978's magnitude (237 million tons) is expected.

The Soviet Union had an unusually cold and late spring this year in the European USSR and heavy precipitation over almost all the agricultural area. As a result, winter grains were late in emerging from dormancy. Winterkill, however, was probably below normal. High soil moisture levels in early May improved the outlook for winter grains in some areas, while in others crop damage may have occurred from water standing in fields. A good winter grain crop, of course, would help ease the tight livestock-feed situation brought on by last year's poor grain and forage crops and the U.S. sales suspension.

A significant portion of the spring coarse grain crop is planted in the European USSR where cold temperatures and above-normal precipitation in the southwestern regions delayed planting in March and April. Although the seeding pace quickened in May, early season delays may have been serious enough to affect yields. As of June 2, spring grains and pulses had been planted on 92 million hectares, with 94-

Total grain production, use, and trade, USSR

Year	Production	Trade		Utilization			Stock changes ³
		Imports	Exports	Total ¹	Feed	Other ²	
	Million tons						
1970/71	187	1.3	8.5	188	92	95	.8
1971/72	181	8.3	6.9	181	93	88	+2
1972/73	168	22.8	1.8	187	98	89	+2
1973/74	223	11.3	6.1	214	105	108	+14
1974/75	196	5.7	5.3	206	107	99	-10
1975/76	140	26.1	.7	180	89	90	-14
1976/77	224	11.0	3.3	221	112	108	+11
1977/78	196	19.1	2.3	228	122	106	-16
1978/79	237	15.6	2.8	231	125	106	+19
1979/80 ⁴	179	31.2	.8	226	126	100	-17
1980/81 ⁵	190-220	22-34	0-1	220-235	120-130	101	0-+15

¹ Totals may not add due to rounding. ² Seed, industrial food, and dockage - waste. ³ Minus indicates withdrawal from stocks. ⁴ Estimated. ⁵ Forecast.

percent completion of the planned area. This was around 4 million less than planted as of this same date in both 1978 and 1979.

Most of the spring wheat is grown in the Volga Valley and New Lands where the bulk of the planting gets underway about mid-May. Generally high moisture levels, with the exception of a few abnormally dry areas in the eastern part of the New Lands, have enhanced the outlook for both winter and spring grains.

The seeding of most nongrain crops picked up by the end of May. As of May 26, 3.7 million hectares of sugarbeets had been planted and seeding was completed. The pace was somewhat ahead of 1979 when a combination of factors—including late planting—severely affected yields. Seeding of sunflowers was virtually completed on 4.5 million hectares as of June 2. The pace was ahead of year ago, but somewhat behind that of some earlier years. Planting of vegetables was completed on 1.1 million hectares by June 2 and was about on trend, but potato plantings, on 2.8 million hectares, remained behind the trend in recent years and somewhat behind even 1979's slow seeding progress. Sowing of cotton on reportedly more than 3.1 million hectares was completed as of May 8. In general, the late planting season clouds prospects for some nongrain crops which otherwise, because of high soil moisture, would appear very favorable. *Anton F. Malish, 202-447-8380*

Eastern Europe¹

East European agricultural production plans for 1980 range from no growth in the German Democratic Republic (GDR) to 7.2 percent growth in Czechoslovakia. The highest 1980 growth rates are set in Poland and Czechoslovakia where production declined in 1979. The plan directives (with the exception of Romania), call for faster growth in crop production than in livestock production. Reduction of grain imports is a principal aim in the northern countries, while Hungary is striving to increase its grain exports.

The weather favored the development of fall sown grains. Following the mild winter and abundant rains in the spring, the winter wheat, rye, and barley crops survived in good-to-excellent condition. Sowing in the spring, however, was delayed by frequent rains and planting was extended beyond the optimal period.

¹ Northern countries: Czechoslovakia, German Democratic Republic, and Poland. Southern countries: Bulgaria, Hungary, Romania, and Yugoslavia.

Area sown to wheat—10 million hectares—is back to the 1978 level, exceeding the 1979 harvested area by 1 million hectares. Total (fall and spring) sown area of grains is expected to be 1 to 2 percent above the 1979 level, slightly exceeding 29 million hectares. Last year, because the planned fall sowing was not completed, wheat and rye were replaced by spring sown barley, corn, and sunflowers. This year, as fall sowing plans were accomplished, the area sown in the spring returned to normal.

1980 Grain Output May Be Up

Based on yield trends and estimated sown area, grain output in the region may reach 95 to 100 million tons, assuming normal weather patterns during the remainder of the season. This would be a 5-to-10 million-ton increase from 1979's short grain crop.

The northern countries increased rapeseed sowing in the fall. With winterkill much less severe than in 1978/79, the harvested area is expected to be at least 200,000 hectares more than last year. Officials in Romania and Yugoslavia have encouraged soybean and sunflower seeding, while in Hungary, farmers were asked to reduce sunflower area, which was larger than planned in 1979. The outlook for rapeseed production is good with the exception of Central Poland where frost in March hurt the crop.

The cattle inventory as of January 1, 1980 was down slightly, but hog, sheep, and poultry numbers were slightly above the January 1, 1979 level. Expanding livestock inventories is a secondary goal, particularly in the grain deficient northern countries. Instead, efficiency in meat and milk production is emphasized. Preference will be given to the cattle industry because cattle rely more on forages than on concentrate feed.

U.S. exports to Eastern Europe in 1979 attained a record \$2.1 billion (including transshipments), \$1 billion over the 1978 export value. Grain, oilseed, and oilseed products continued to account for the bulk (84 percent) of total U.S. agricultural exports. Both higher prices and increased volume contributed to the increased exports. Commodity Credit Corporation (CCC) export credits facilitated sales, particularly to Poland. Poland, the principal user of CCC credits,

CCC export credits

	FY 1979		FY 1980	
	GSM 5	GSM 101	GSM 5	GSM 101
	\$ million			
Poland	385.5	100	200	300
Romania	107.2	0	25	0
Hungary	15.8	0	15	0
Yugoslavia	8.0	0	50	30

received \$200 million in GSM 5 direct credits and \$300 million in GSM 101 credit insurance.

Poland designated the credits in FY 1980 for the purchase of feed grains, wheat, protein meal, soybeans, vegetable oil, cotton, tallow, and tobacco. Romania and Hungary received credits for protein meal, and Yugoslavia received credits for wheat.

Total East European grain, soybean and soybean meal imports from the United States attained record levels during January-April 1980. *Thomas A. Vankai, 202 447-8380*

U.S. exports to Eastern Europe

	1979 Jan-Apr	1979 May-Aug	1979 Sept-Dec	1980 Jan-Apr
	1,000 metric tons			
Wheat	0	559	117	936
Feed grains . . .	1,416	2,542	2,964	3,684
Corn	1,300	2,380	2,673	3,684
Barley	0	69	0	0
Grain sorghum . .	116	93	291	0
Soybeans	268	170	224	316
Soybean meal . .	705	423	454	967

Source: U.S. Export Sales, USDA/FAS.

People's Republic of China

Slower Growth in Agricultural Production Likely

China's agricultural production should increase again in 1980, but growth will be well below that of the past 2 years. Poor weather thus far has presented problems for wheat—area is down somewhat and production should be below the 1979 record. Production of both rice and coarse grains should increase this year; further expansion of hybrid rice area is planned.

Attempts to expand soybean production will continue, although past efforts have had little success. Growth in oilseed production may slow this year, since rapeseed yields will be down due to adverse winter weather. Cotton area has been expanded and a variety of producer incentives have been introduced so cotton production could be up substantially. China's push for livestock expansion will continue with more stress placed on balanced development. Production of meat and livestock products should increase again, but the greatest increases are still expected to be in the pork sector.

Demand for agricultural products has grown faster than crop production because of increased reliance on material incentives, larger incomes, and efforts to increase exports. Relaxation of import policies has

permitted some of this demand pressure to be met by higher imports.

Agricultural Imports Up

Led by increases in cotton and soybeans, agricultural imports in 1980 will reach record levels for the third consecutive year. Cotton imports during 1979/80 will reach a new high of 760,000 tons, more than 60 percent above the 1978/79 record. Nearly two-thirds of this cotton will come from the United States. Purchases of soybeans for 1979/80 have already reached record levels and may exceed 1 million tons, most of which will also be of U.S. origin. Wheat imports are projected at 8 million tons, the same as in 1978/79, and imports of coarse grains, mostly corn, are expected to be 2.1 million tons, down somewhat from 1978/79.

China's agricultural output increased substantially in 1979. Preliminary Chinese estimates placed grain production at 315 million tons, 3 percent above the 1978 level of 305 million tons. The PRC's final 1979 statistical report revised the preliminary estimates upward substantially, placing total grain production at 332 million tons, 9 percent over 1978. However, no new figures were reported for individual grain crops.

A major portion of the 1979 increase came from wheat, which, based on the preliminary reports, increased by 6.5 million tons to a record 60.5 million tons. Rice production was also a record, with production preliminarily estimated at 140.5 million tons, up 2.6 percent, despite a 2-percent decrease in area due to reduced double cropping. Preliminary estimates place coarse grain production at 77.5 million tons, only 1 million tons above the 1978 level. The new total grain figure suggests that production of rice and coarse grains exceeded these preliminary estimates.

Oilseed production in 1979 increased 7 percent over 1978. Production of soybeans and cottonseed increased very little, but substantial gains occurred in both area and production of all other oilseeds. Rapeseed production reached a record 2.4 million tons and peanuts increased to 2.8 million tons.

Cotton production in 1979 increased by only about 2 percent to 2.2 million tons, still well below the 1973 record. The increase was entirely due to higher yields, since area dropped by about 4 percent.

Major gains were made in the livestock sector during 1979. Meat consumption rose by about 2 kilograms to roughly 10 kilograms. Most of the increase was in expanded consumption of pork, which accounts for about 90 percent of meat consumption. *Carolyn L. Whitton and Frederic M. Surls, 202-447-8676*

Asia

Agricultural Prospects Improve

Most Asian countries are enjoying good spring harvests, which should pave the way to a sharp rebound in agricultural output during 1980.

India's 1980 wheat harvest is estimated at 31 million tons, 4 million less than the record 1979 crop but somewhat higher than earlier estimated. Efforts to offset the late 1979 drought which resulted in late planting centered around the following: 1) diversion of electricity to farmers to operate irrigation pumps; 2) expanded use of high yielding wheat varieties; and 3) increased fertilizer use.

Although India's 1980 agricultural production will increase if the rice crop reaches a more normal level, problems resulting from last year's drought still remain. The 18-million-ton reduction in food grain output during 1979/80 has caused Government food grain stocks to decline to 14 million tons—6 to 7 million tons below a year ago. Because of the relatively short wheat stocks, flour millers must purchase their wheat from the Food Corporation of India instead of directly from farmers. This could result in a rapid depletion in wheat stocks by late 1980. India will still export about 200,000 tons of wheat during 1980, primarily to honor prior commitments, compared with a 1-million-ton wheat export level in 1979.

India's imports of both vegetable oils and pulses are likely to be about 40 percent above the 1979 level. Vegetable oil imports may reach 1.4 million tons, with imports of U.S. soybean oil doubling to 450,000 tons.

Bangladesh's 1979/80 combined harvest of rice and wheat increased about 7 percent over poor 1978/79 harvests. Rice production is expected to reach 12.5 million tons, with a good 1980 winter crop offsetting a poor 1979 summer crop. The recently completed wheat harvest more than doubled to an estimated 1.1 million tons.

The current food situation in Bangladesh is stable. Due to crop failures in early 1979, closing food stocks on June 30, 1979 stood at only 185,000 tons, nearly one-half million tons below the 1976-78 average for that date. The Government of Bangladesh was able to rebuild stocks and assure adequate food supplies in 1979/80 by importing 2.2 million tons of wheat—40 percent from the United States—and more than 700,000 tons of rice. Total food imports of 2.9 million tons in 1979/80 equalled the record level of 1972/73. Closing food stocks on June 30, 1980, are now estimated at a comfortable 925,000 tons.

Pakistan harvested a record 10.7 million tons of wheat this year compared with 10 million in 1979. Pakistan is forecasting a rice crop of around 3.5 million tons, up about 9 percent from the 1979 crop. Despite the record wheat harvest, Pakistan is still expecting to import about 800,000 to 1 million tons

of wheat to feed refugees from Afghanistan and to build up stocks.

The harvest of Taiwan's first rice crop will be completed by the end of June. The crop situation is better than average. The Government is forecasting total rice (including second crop) production for 1980 at about 2.3 million tons—5 percent higher than the 1979 crop.

Taiwan's fifth trade mission has concluded its tour of the United States, where it bought an estimated \$500 million worth of U.S. agricultural commodities. Taiwan is expected to import around \$1.5 billion worth of U.S. agricultural commodities during 1980, up from \$1.07 billion in 1979.

Because of last year's poor rice crop, South Korea continues to import large quantities of U.S. rice—over 500,000 tons in 1980. Prospects for imports of large quantities of Japanese rice have ended as the result of a U.S.-Japan agreement. Wheat imports from the United States to replace some rice have increased. Corn imports are down by 16 percent from a year earlier, in reaction to an overexpansion in the Korean livestock sector in 1979. Cotton imports from the United States are running ahead of expectations; the won devaluation and trade agreements have aided Korean textile exports.

Korea's economy, like its political situation, is unstable. Inflation is high, and the Government is struggling to attain positive economic growth in 1980—something with little precedent since the early 1960's. Korea's economic prospects and the programs to strengthen the livestock sector and rice production depend on the resolution of the current political turmoil.

Thailand installed a new Government in March 1980. Like the preceding Government, it is a military-civilian coalition and intends to develop rural areas and boost farmers' incomes. The Thai economy has suffered heavily in early 1980 from the high price of petroleum products, and one of the new Government's first acts was to roll back some domestic fuel price hikes that had helped lift the inflation rate to 20 percent and reduced the rate of economic growth.

Exports of Thai rice in the first 4 months of 1980 were a record 1.3 million tons, despite worries that an exceptionally long dry season would cut the second crop harvest (June-July) to .7-.9 million tons from last year's 1.5 million tons. The Thai Government has limited June-August shipments of rice to 300,000 tons. Raw sugar exports have been sharply curtailed until an ample domestic supply is ensured, after stocks sank to low levels following a drought-reduced crop.

Indonesian rice output in 1980 could total a record 18.2 million tons, 2 percent above 1979. Wet-season rice production was boosted by increased use of high-yielding varieties and fertilizer and relatively

low damage from brown planthopper and flooding. The anticipated record production assumes normal rainfall for the dry season crop. Despite the big rice crop, rice imports in 1980 will likely total near 3 million tons as the Government attempts to meet expanding domestic requirements and rebuild stocks.

Palm oil production in Malaysia during 1980 will likely total near 2.4 million tons, up 10 percent from 1979. Crude palm oil production during January-June was about 1.1 million tons, compared with 1.0 million tons for the same period a year earlier. Reflecting expanded processing capacity, exports of processed palm oil could account for about 90 percent of palm oil exports in 1980. The Government of Malaysia and the private sector have combined to expand outlets for processed palm oil in dynamic vegetable oil growth markets such as India, Pakistan, and the Middle East.

The Philippine 1979/80 sugar crop is estimated at 2.4 million tons—up 2 percent from the 1978/79 crop. Domestic consumption and exports for the 1979/80 season are expected to be up 4 percent and 47 percent, respectively, which will lower ending stocks for the 1979/80 season by 22 percent to under 1 million tons. (*E. Wayne Denney, 202-447-8229*)

Africa and Middle East

Middle East

Turkish wheat production for 1980 is estimated at 13.0 million tons, up 2.4 percent from last year. Wheat yields may be affected by sharply higher fertilizer prices and the harvest may be affected by the availability of diesel fuel. Wheat exports, which had reached 2 million tons in 1978/79 and had become a major source of foreign exchange for Turkey, were down sharply in 1979/80 to an estimated 600,000 tons. Wheat exports for 1980/81 are forecast at 1 million tons. Cotton production for 1980 is expected to be no less than 500,000 tons as both exporters and Government officials are urging producers to expand acreage. Exports declined sharply because domestic prices were higher than export prices and the Government's refusal to increase the exchange rate applied to cotton exports. Turkey is having to import substantial amounts of sugar for the first time in 5 years.

Little information is available about Iran's agricultural production. However, the wheat crop is expected to be near 5 million tons, with imports of 1.5 million. The rice crop is in the ground and now depends somewhat on the availability of feridan to spray against stem borers which are endemic to the rice areas. Imports of food products remain large, led by wheat, rice, feed grains, red and poultry meat, eggs, butter, and vegetable oils. Since the U.S. cessa-

tion of food shipments, Iran's leading suppliers have become Australia, Thailand, Argentina, and East and West Europe.

Israel and Jordan are looking for excellent grain harvests following the drought of 1979. Both countries will have reduced grain imports.

During 1979, Lebanon's internal conditions were relatively peaceful compared with 1978, and the economy made a brisk recovery. Now, continued recovery is jeopardized by unrest in southern Lebanon and by civil strife in Beirut. Forecasts for this year's grain crops are optimistic, but since domestic output meets only a small fraction of needs, large imports—estimated at 316,000 tons of wheat and some flour—will be necessary. Both food and feed grains will be important in Lebanon's agricultural imports from the United States, estimated at \$75 million.

Total agricultural imports by the eight Arabian Peninsula countries are expected to reach \$7 billion in 1980—up from \$5 billion in 1979. Saudi Arabia's food and beverage imports are likely to rise to \$4.5 billion—up from \$3 billion in 1979 and \$2 billion in 1978. Iraq's agricultural imports are likely to be near \$2 billion—double the 1978 level.

In 1979, the United States did not share favorably in the growth of agricultural imports by the Arabian Peninsula and Iraq. However, in early 1980, U.S. shipments of wheat, rice, frozen poultry, and processed foods to the area were sharply higher. U.S. agricultural exports to Iraq, Qatar, UAE, and Oman may double in 1980. Exports of wheat, rice, and frozen poultry to Iraq are rising rapidly, and Iraq may surpass the Soviet Union as the leading market for U.S. barley, with purchases of 200,000 tons in 1980. U.S. rice exports to Iraq may reach 250,000 tons, valued at \$125 million this year. The value of U.S. agricultural exports to Iraq may surpass \$300 million—up from \$146 million in 1979.

U.S. agricultural exports to Saudi Arabia were \$325 million in 1979. In 1980, larger U.S. sales of wheat flour, frozen poultry, and processed foods are anticipated. U.S. rice exports to Saudi Arabia fell from a peak of 237,000 tons in 1978 to 185,000 tons in 1979. Shortages of top quality rice from Thailand should contribute to a rebound in U.S. rice sales to Saudi Arabia this year.

Africa

Severe problems continue to plague the economies of West Africa. Effects of worldwide inflation, especially the ever-increasing cost of oil, have depleted foreign exchange reserves and increased substantially the cost of essential food imports. In most countries, agricultural production has failed to keep pace with population growth. This, coupled with adverse weather conditions in many areas, has meant greater

reliance on imported food. Production in many areas has fallen as a result of more intensive land use which had led to widespread soil degradation and concomitant decreases in soil fertility. Food production in many West African countries in 1980 may be below that of a decade ago.

Intolerable conditions exist in the Horn and in other parts of East Africa, particularly Uganda. Extended droughts, extreme and worsening food shortages, civil warfare and growing numbers of refugees, and famine deaths, are all interrelated.

Corn production and food supply problems are widespread in Southern and Eastern Africa, and output is expected to be down in 1980 in Zimbabwe (formerly Rhodesia), Zambia, Mozambique, Malawi, Tanzania, Uganda, Kenya, Somalia and Ethiopia. Drought affected growing conditions in all these countries where grain supplies were already at low levels early in 1980.

In early 1980, all the above countries, except possibly Ethiopia, were importing corn. Shipments, which included yellow as well as the generally preferred white corn, were under both commercial and food aid agreements. Assistance from the United States is playing an important role.

Ethiopia is suffering from both drought and civil disturbances and has increasing numbers of displaced persons, now estimated at 1.5 million. Rains have arrived in some parts of the country but there are still some areas that have received little or no rain in 2 years. In the major farming areas, output appears to be normal this season but yields are down, adversely affected by the war and related disruptions.

Somalia continues to suffer from probably the worst refugee problem in Africa. The refugees—both in camps and roaming the countryside—are principally of Somali ethnic origin and have been driven out of the Ogaden area of Ethiopia. A year of poor harvests is exacerbating the situation, and famine constantly threatens, as refugees live from one aid shipment to the next.

Malawi, which exported some corn in 1979, has not required significant corn imports since the severe drought of 1970/71. A relatively high price will be paid for corn from South Africa. Apparently the full cost of the imported corn will be subsidized rather than passed on to consumers. Corn is by far the major food in Malawi. Wheat and rice consumption remain at very low levels. In Malawi, slightly over 90 percent of the land in cereals is in corn, one of the highest concentrations of corn in the region, and corn takes about 45 percent of the arable land.

For newly independent Zimbabwe, normally a corn exporter, a recent contract to import corn from South Africa is the first major one since 1965. While commercial corn plantings in 1980 were above those of 1979, damage from drought was considerable. Pro-

duction in the African farming areas is also low as security in these areas was still poor during the planting season in late 1979.

Egypt's total agricultural imports are likely to rise to \$3.5 billion in 1980. Imports of wheat and wheat flour will remain at about 5 million tons. U.S. agricultural exports to Egypt should approach \$800 million, up about 33 percent over 1979. Larger shipments of wheat, corn, tallow, frozen poultry, tobacco, and horticultural products will account for much of the increase.

Egypt's agricultural production increased 2.3 percent in 1979 and demand for food increased about 6 percent as diets continued to improve. Further gains in production of cotton and vegetables should contribute to another 2-percent gain in agricultural production in 1980. *Michael E. Kurtzig, 202-447-8054*

Latin America

Argentine Feed Grain and Soybean Crops Hurt By Adverse Weather

Favorable prospects for 1980 harvests of corn and sorghum, Argentina's principal feed grain crops, were reduced sharply by unusually hot weather which continued from mid-December 1979 through January 1980, the critical growing period for the two crops. Recent reports indicate some damage to corn and sunflowerseed from April-May floods which also resulted in heavy losses of breeder-cattle, calves, and sheep and devastated pastures in central areas of Buenos Aires Province. The March-April 1980 harvests are currently estimated at 6.4-6.8 million tons for corn and 3.8 million for sorghum, down from 9 million and 6.5 million tons, respectively, in 1979. Government sources suggest that damage from heavy rains could significantly reduce potential wheat plantings for the 1980/81 harvest.

Drought conditions also dimmed the outlook for further expansion in soybeans. Dry conditions prevented or delayed most of the double-crop plantings following wheat, estimated at about 50 percent of the soybean area. Because of delayed plantings, the double-crop beans faced the risk of late season frost damage. Total soybean plantings are estimated to have increased about 10 percent, but the 1980 harvest is estimated below the 1979 record of about 3.8 million tons. This compares with an earlier outlook of 4.5 million tons.

Brazil's 1980 Grain and Soybean Crops Recover

Because of expanded area and the return to more normal weather, Brazil's production of corn, rice, and soybeans increased sharply. The early 1980 harvests of corn and rice are estimated at records of 19.7 million and 9.7 million tons, up from the drought-

affected 1979 crops of 16.3 million and 7.6 million tons, respectively. The 1980 soybean crop increased from low volumes of about 10.2 million tons for the previous 2 years to a new high of 15.2 million.

Reduced 1978 and 1979 crops forced Brazil to import large quantities of corn to supply requirements for its growing feed industry. The large 1980 corn and rice crops are expected to replenish low stocks with some limited prospects for export. Soybean production will be supplemented by increased 1980 outturns of peanuts and cottonseed, permitting a strong expansion in exports of soybeans, soybean meal, and vegetable oils.

Rust Reduces Caribbean Sugar Output

The serious incidence and spread of sugarcane rust sharply reduced Cuba's 1979/80 sugar output. Some reports indicate that the disease may have affected cane varieties that make up as much as 40 percent of sugarcane area, and a special program to replant more resistant varieties is underway. Recent reports indicate the spread of rust in sugarcane of the Dominican Republic, the second largest Caribbean producer. As in Cuba, the disease has affected a common cane variety that accounts for a significant part of the planted area. Cuba and the Dominican Republic account for about one-third of Latin America's sugar output and are important world suppliers. Production in other Caribbean areas is expected to continue recovering, but 1979/80 sugar output in Central America is estimated down about 2 percent from a year earlier because of serious production problems in El Salvador and Nicaragua.

Other Latin America Countries: Production Shortfalls Boosts Potential Import Needs

Because of the adverse effects of drought upon late 1979 food crops (corn, sorghum, and beans) and continued low wheat production, Mexico's agricultural imports will continue rising sharply to a new record in 1980. Adverse weather and production problems stemming from civil disturbances are expected to

U.S. agricultural exports to Latin America
October-April

Commodity	1976/77	1977/78	1978/79	1979/80
1,000 tons				
Wheat	1,564	3,162	3,049	4,090
Corn	851	1,083	1,443	3,476
Sorghum	471	150	843	1,679
Soybeans	323	333	527	456
Soybean meal	158	132	258	367
Vegetable oils	141	170	198	320
Lard, inedible tallow	124	142	137	191

increase Central American import requirements and drought continues to restrict production of food crops, particularly rice, in Peru and Ecuador. Recent reports indicate that wet harvest weather has significantly reduced Chile's 1979/80 wheat harvest. Uruguay's 1980 corn and sorghum crops were also hurt by dry planting weather and excessive rains during harvest.

Argentina's position as a major supplier of Latin American grains has been reduced by recent commitments to the USSR, and civil disturbances have tended to disrupt the usual trade among the Central American Common Market countries. U.S. agricultural exports to Latin America during October 1979-April 1980 totaled \$2.93 billion, up sharply from \$1.8 billion in the same period of 1978/79. For the period, U.S. wheat exports increased from 3.0 million tons to 4.1 million based on the rise in sales to Chile, Colombia, Peru, and the Caribbean. Strong volume gains were also recorded for oilseed meals, vegetable oils, animal fats, and fruits and vegetables (including pulses). However, major gains were in corn and sorghum exports which more than doubled the October 1978-April 1979 volume of 2.3 million tons to reach 5.2 million. Corn and sorghum exports to Mexico rose from 901,100 tons to 2.81 million, while significant increases also occurred for Central America, Chile, Colombia, Peru, and Venezuela. *Howard L. Hall, 202-447-8133*

WORLD FOOD AND TRADE POLICY DEVELOPMENTS

U.S. Meat Import Quotas Modified

Signed into Public Law 96-1770 on December 31, the Meat Import Act of 1979 amends the 1964 Act by using a countercyclical formula to provide a higher meat quota when domestic meat production is down and lower the quota when U.S. meat production is plentiful. The Act also adds certain processed beef and veal products to the fresh, chilled, and

frozen beef, veal, mutton, and goat meat covered under the 1964 law, and establishes a floor of 1.25 billion pounds of imports per year. Meat imports for 1980 would need to reach 1,668 million pounds to trigger the imposition of quotas. Current USDA estimates of available supplies indicate 1980 imports should not exceed 1,600 million pounds, thus obviating the need for either a voluntary restraint program or quotas.

U.S.-USSR Agricultural Trade Suspended

On January 4, 1980, in response to the Soviet invasion of Afghanistan, the President suspended grain sales to the Soviet Union in excess of the 8 million tons guaranteed under the 1975 U.S.-USSR grain agreement. Exports of other agricultural products to the Soviet Union were also suspended while export licensing procedures were reviewed. On February 1, the total ban on exports was modified to allow certain farm products not related to the feed-livestock complex and with no strategic influence to be exempt from prior licensing reviews. Such products include feathers, fruits, nuts other than peanuts, tobacco, vegetables, and wood. Feed grain exports to the USSR are still prohibited as are wheat, soybeans, meat, poultry, dairy products, and some animal fats. Other potential exports are subject to case-by-case licensing procedures. The Soviet Union may purchase up to 8 million tons of wheat and corn for delivery during the fifth and last year of the 5-year agreement beginning October 1980.

Ammonia Import Quotas Instituted

On December 11, the President rejected the United States International Trade Commission's (USITC) proposal for quotas on anhydrous ammonia imports from the USSR, citing the need to maintain adequate fertilizer supplies at reasonable prices for U.S. farmers. The Commission's proposal came as a result of an affirmative decision in an import relief investigation under section 406 of the Trade Act 1974. After imposing the U.S.-USSR trade restriction, the President on January 18 changed his previous decision and as an emergency action, limited such imports to 1 million short tons in calendar year 1980.

As a consequence of the emergency action, the President asked the USITC to conduct another disruption investigation. In March the Commission reversed its previous ruling and determined that market disruption did not exist. The President issued orders terminating the quota effective April 11, 1980.

GSP Schedule Changed

Effective March 30 the Generalized System of Preferences (GSP) was modified by:

- adding 16 new commodities, mostly fruits and vegetables, including coconut oil, olive oil, and cut flowers,
- redesignating sugar for GSP treatment,
- adding five new countries to receive GSP benefits, Southern Rhodesia (Zimbabwe) and Uganda, plus three OPEC countries (Ecuador, Indonesia, and Venezuela), and
- removing two countries, Afghanistan and Ethiopia, from the GSP-benefit list.

Authorized by the Trade Act of 1974, the U.S. Generalized System of Preferences was established to extend tariff preferences to goods from developing countries to help those countries increase exports, diversify their economies, and lessen their dependence on foreign aid. U.S. statutory authority for the GSP expires January 3, 1985.

U.S.-Iran Trade Terminated

As a result of the continued imprisonment of the American hostages in Tehran, the President on April 7 broke diplomatic relations with Iran and:

- closed the Iranian Embassy in the United States,
- prohibited U.S. exports to Iran, except food and medicine, and
- ordered inventories of (1) the U.S. assets of the Iranian Government assets frozen in the United States since last November, and (2) outstanding claims of American citizens and corporations against that Government.

On April 17, the President extended the sanctions against Iran to:

- prohibit U.S. imports of Iranian goods or services,
- restrict travel to Iran by U.S. citizens, and
- stop payments on transfers of funds to people in Iran, except for family remittances.

Food Aid Pledged

On April 29 the Secretary of Agriculture signed the international Food Aid Convention (FAC) of 1980, pledging a minimum of 4.47 million tons of U.S. grains annually as food aid for developing countries. The Food Aid Convention of 1980, a component of the International Wheat Agreement, replaces the Food Aid Convention of 1971 which pledged a total of 4.2 million tons of food donations annually. The new Convention raises the minimum total contributions to 7.6 million tons, and encourages participants to reach the 10-million-ton target agreed upon at the World Food Conference in November 1974. Countries participating in the 1980 Food Aid Convention and their pledges are:

Contributions may take three forms: gifts, either in grain or cash to purchase grain within the recipient country; sales for the currency of the recipient country; or long-term credit sales at below-market interest rates. However, the Convention stipulates that contributions should be in gift form "to the maximum extent possible."

Although the United States pledged a minimum of 1.89 million tons under the 1971 Convention, U.S. food aid shipments meeting Convention criteria totaled about 5.3 million tons in fiscal year 1979. Of these shipments processed under the Public Law 480

Table 1— Foreign currency units per U.S. dollar

Period	German	Japanese	British	Dutch	Canadian
Average 1977	2.322	268.5	.5729	2.454	1.064
1978:					
Average quarter 1	2.076	237.6	.5189	2.224	1.113
Average quarter 2	2.077	220.8	.5451	2.223	1.127
Average quarter 3	2.007	192.8	.5177	2.173	1.144
Average quarter 4	1.875	190.6	.5039	2.033	1.178
Average 1978	2.009	210.5	.5214	2.164	1.141
1979:					
Average quarter 1 .	1.854	201.5	.4961	2.003	1.187
Average quarter 2 .	1.895	217.6	.4807	2.064	1.158
Average quarter 3 .	1.816	218.9	.4481	1.997	1.166
Average quarter 4 .	1.766	238.6	.4632	1.960	1.175
Average 1979	1.833	219.2	.4720	2.006	1.171
1980:					
January	1.724	237.7	.4412	1.902	1.163
February	1.748	244.2	.4369	1.926	1.157
March	1.852	248.3	.4532	2.030	1.174
April	1.875	250.0	.4523	2.055	1.186
May	1.790	228.2	.4339	1.971	1.173
June 1-13	1.768	218.8	.4286	1.941	1.153

Table 2- Index of trade weighted dollar exchange rate for major commodities
(April 1971 = 100)

Period	Total agric. exports	Soybeans	Wheat	Cotton	Corn
1972	93.96	90.79	98.49	101.41	92.49
1973	87.80	82.36	94.58	97.82	85.56
1974	89.51	83.55	97.96	100.22	87.81
1975	90.87	82.58	103.05	108.41	89.11
1976	97.10	88.41	112.30	111.43	97.56
1977	99.82	88.52	120.56	110.31	100.67
1978:					
I	97.48	83.96	124.57	107.31	97.34
II	97.29	83.19	125.41	106.74	97.60
III	95.37	79.42	128.07	103.96	94.75
IV	95.12	77.11	131.90	105.89	93.54
Average	96.32	80.92	127.49	105.98	95.81
1979:					
I	97.80	77.55	138.47	109.25	96.05
II	99.89	78.98	145.30	110.56	98.59
III	99.74	77.53	150.59	110.14	98.01
IV	103.20	78.90	165.18	111.80	101.60
Average	100.16	78.16	149.89	110.52	98.57
1980:					
January*	105.70	77.70	183.14	115.61	103.80
February*	106.90	78.60	185.40	119.14	105.30
March*	109.73	81.30	190.70	120.20	108.30
April*	110.98	82.22	194.37	120.60	109.70
May*	109.30	79.13	197.01	119.50	107.29

*Exchange rate figures were taken from the *Wall Street Journal*, and yield indices that are somewhat lower than the indices for other months, which were derived from data in the *International Financial Statistics* of the IMF.

Table 4 U.S.: Nominal and deflated farm prices for wheat, corn and soybeans 1/

	Wheat		Corn		Soybeans	
	Nominal	Deflated	Nominal	Deflated	Nominal	Deflated
	\$/bushel					
1960/61	1.74	1.95	1.00	1.12	2.13	2.38
1961/62	1.83	2.03	1.10	1.22	2.28	2.53
1962/63	2.04	2.24	1.12	1.22	2.34	2.56
1963/64	1.85	2.00	1.11	1.20	2.51	2.71
1964/65	1.37	1.46	1.17	1.24	2.62	2.79
1965/66	1.35	1.41	1.16	1.20	2.54	2.64
1966/67	1.63	1.66	1.24	1.25	2.75	2.78
1967/68	1.39	1.37	1.03	1.00	2.49	2.43
1968/69	1.24	1.17	1.08	1.00	2.43	2.25
1969/70	1.25	1.11	1.16	1.01	2.35	2.06
1970/71	1.33	1.12	1.33	1.11	2.85	2.38
1971/72	1.34	1.09	1.08	.87	3.03	2.45
1972/73	1.76	1.38	1.57	1.20	4.37	3.37
1973/74	3.95	2.85	2.55	1.78	5.68	3.99
1974/75	4.09	2.66	3.02	1.91	6.64	4.22
1975/76	3.56	2.15	2.54	1.51	4.92	2.93
1976/77	2.73	1.56	2.15	1.20	6.81	3.83
1977/78	2.31	1.24	2.03	1.06	5.80	3.05
1978/79	2.97	1.46	2.28	1.07	6.76	3.26
1978						
January	2.53	1.35	2.00	1.07	5.75	3.07
February	2.59	1.37	2.03	1.08	5.53	2.94
March	2.67	1.41	2.15	1.13	6.20	3.27
April	2.82	1.47	2.24	1.17	6.49	3.39
May	2.82	1.46	2.29	1.18	6.77	3.50
June	2.82	1.44	2.28	1.17	6.69	3.43
July	2.80	1.42	2.13	1.08	6.39	3.25
August	2.88	1.45	2.00	1.01	6.21	3.14
September	2.92	1.47	1.98	.99	6.19	3.11
October	2.99	1.48	1.97	.98	6.26	3.11
November	3.04	1.50	2.03	1.00	6.39	3.16
December	3.01	1.48	2.09	1.03	6.51	3.20
1979						
January	2.99	1.46	2.11	1.03	6.58	3.21
February	2.99	1.44	2.18	1.05	6.99	3.38
March	2.97	1.42	2.22	1.06	7.16	3.42
April	3.01	1.42	2.27	1.07	7.06	3.34
May	3.20	1.49	2.35	1.10	7.06	3.30
June	3.73	1.72	2.47	1.14	7.38	3.41
July	3.89	1.78	2.64	1.21	7.36	3.36
August	3.74	1.69	2.54	1.15	7.07	3.20
September	3.87	1.73	2.51	1.12	6.81	3.05
October	3.98	1.76	2.41	1.07	6.35	2.81
November	3.94	1.73	2.27	1.00	6.30	2.77
December	3.80	1.65	2.38	1.04	6.27	2.73
1980						
January	3.74	1.60	2.45	1.05	6.39	2.74
February	3.78	1.60	2.39	1.01	6.20	2.62
March	3.64	1.52	2.40	1.00	5.94	2.48

1/ Prices deflated by U.S. Consumer Price Index, 1967 = 100.

TABLE 5 --THE FOUR COMPONENT OF THE CONSUMER PRICE INDEX IN SELECTED COUNTRIES

	1978											
	1973				1974				1975			
	1976				1977				1978			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
	1972=100											
ARGENTINA	359	413	1187	6632	18610	48958	52108	68174	97595	113070	149469	0
AUSTRALIA	124	143	154	173	193	212	214	221	228	239	248	0
AUSTRIA	118	128	136	144	154	159	161	159	162	162	0	0
BANGLADESH	147	248	300	242	266	285	295	304	313	323	0	0
BELGIUM	117	128	143	160	169	172	172	171	173	170	172	174
BRAZIL	120	154	199	267	372	523	552	605	652	715	0	0
CANADA	125	145	164	188	182	210	218	217	228	237	242	278
COLOMBIA	169	215	281	329	448	508	504	511	564	619	623	0
CZECHOSLOVAKIA	100	100	100	100	102	104	104	106	105	106	105	0
DENMARK	131	147	163	181	202	222	222	230	249	258	263	289
ECUADOR	142	188	223	245	283	312	318	326	334	345	348	0
EGYPT	116	135	152	174	198	218	218	222	226	201	238	0
ETHIOPIA	99	108	113	160	186	222	227	227	238	256	268	0
FRANCE	126	141	158	175	197	212	214	218	222	227	232	239
GERMANY, WEST	118	124	130	137	144	145	145	143	145	148	148	149
GREECE	133	169	189	215	246	281	273	280	319	335	327	352
INDIA	131	171	179	156	172	173	175	179	171	173	167	161
INDONESIA	162	229	277	338	372	403	402	409	431	458	0	0
IRAN	124	144	161	172	205	242	236	239	0	0	0	0
IRELAND	140	160	195	227	264	290	299	303	325	331	338	342
ISRAEL	149	215	314	402	570	634	633	973	1099	1283	1919	2023
ITALY	129	146	172	202	241	272	278	273	291	302	312	0
JAPAN	159	199	180	209	216	219	219	218	217	220	222	225
JORDAN	140	189	219	281	286	297	294	304	309	360	302	345
KOREA	138	178	233	274	306	357	367	380	394	407	405	0
LIBERIA	118	149	172	172	188	210	219	219	228	228	0	0
MALAWI	124	144	172	176	179	191	185	190	208	209	214	223
MALAYSIA	121	154	159	162	171	179	182	182	181	182	185	0
MEXICO	126	144	164	208	267	311	321	327	352	360	374	0
NETHERLANDS	120	129	139	153	163	161	162	161	163	165	165	166
NEW ZEALAND	127	142	157	186	218	241	247	253	256	281	290	294
NIGER	144	180	160	201	255	273	280	279	288	280	0	0
NIGERIA	120	150	214	268	358	369	427	380	380	0	0	0
PAKISTAN	131	171	209	222	247	280	267	266	268	272	294	286
PARAGUAY	147	183	192	200	222	251	255	276	297	299	335	0
PERU	126	150	199	263	369	590	635	709	833	945	0	0
PHILIPPINES	182	244	247	281	309	269	208	214	220	235	246	255
PORTUGAL	131	173	214	264	345	402	407	439	471	515	564	0
SOUTH AFRICA	129	149	171	184	203	229	235	243	249	255	0	0
SPAIN	132	152	177	211	261	310	324	324	329	338	348	350
SRI LANKA	122	139	150	148	149	174	179	183	184	186	193	209
SWEDEN	126	144	150	169	193	212	212	213	218	220	226	228
THAILAND	122	157	164	173	193	211	214	218	213	220	233	250
TURKEY	152	181	235	277	294	524	563	581	631	712	856	0
UNITED KINGDOM	139	164	206	247	294	315	310	322	338	348	350	367
UNITED STATES	123	141	153	157	167	180	183	185	193	199	201	203
URUGUAY	489	844	1442	2128	3491	5045	5329	4911	6779	7792	0	0
VENEZUELA	117	132	151	164	185	202	205	208	212	218	236	270
YUGOSLAVIA	169	196	244	278	335	386	386	396	432	465	456	473
ZAIPE	155	200	261	513	873	1423	1112	1845	2312	2670	0	0
ZAMBIA	119	103	145	177	209	243	257	248	250	262	0	0

1/ 1972=100.

SOURCE: INTERNATIONAL LABOR OFFICE, BULLETIN OF LABOR STATISTICS.

TABLE 6 --CONSUMER PRICES FOR FOOD, CHANGES IN 1979 FROM THE SAME QUARTER A YEAR EARLIER

COUNTRY	QUARTER	PERCENT CHANGE
ARGENTINA	III	187.4
AUSTRALIA	III	15.0
AUSTRIA	IV	-
BANGLADESH	IV	-
BELGIUM	IV	1.8
BRAZIL	IV	-
CANADA	IV	28.1
COLOMBIA	III	23.6
CZECHOSLOVAKIA	III	1.0
DENMARK	IV	8.3
ECUADOR	III	10.1
EGYPT	III	8.3
ETHIOPIA	III	18.1
FRANCE	IV	9.6
GERMANY, WEST	IV	4.2
GREECE	IV	25.7
INDIA	IV	6.7
INDONESIA	IV	-
IRAN	IV	-
IRELAND	IV	12.9
ISRAEL	IV	107.9
ITALY	III	13.0
JAPAN	IV	3.2
JORDAN	IV	13.5
KOREA	III	10.4
LIBERIA	IV	-
MALAWI	IV	17.4
MALAYSIA	III	1.6
MEXICO	III	16.5
NETHERLANDS	IV	3.1
NEW ZEALAND	IV	16.2
NIGER	IV	-
NIGERIA	IV	-
PAKISTAN	IV	7.5
PARAGUAY	III	32.4
PERU	IV	-
PHILIPPINES	IV	19.2
PORTUGAL	III	38.6
SOUTH AFRICA	IV	-
SPAIN	IV	8.0
SRI LANKA	IV	14.2
SWEDEN	IV	7.0
THAILAND	IV	14.7
TURKEY	III	52.0
UNITED KINGDOM	IV	14.0
UNITED STATES	IV	9.7
URUGUAY	IV	-
VENEZUELA	IV	29.8
YUGOSLAVIA	IV	19.9
ZAMBIA	IV	-
ZAMBIA	IV	-

Table 7 --Share expenditures on food, beverages and tobacco of private consumption expenditures, 43 countries, 1977

Country	National disposable income per capita	Consumption expenditures on			
		Food, beverage and tobacco	Food and nonalcoholic beverages	Alcoholic beverages	Tobacco
	U.S. dollars		Percent		
India <u>1/</u>	133	62.5	59.3	0.8	2.4
Sierra Leone <u>1/</u>	197	59.3	[53.6	3.8	1.9] <u>3/</u>
Sri Lanka	235	64.8	56.2	2.0	6.6
Honduras <u>2/</u>	364	53.6	46.5	4.5 <u>4/</u>	2.5
Thailand	380	54.3	46.7	4.2	3.4
El Salvador <u>2/</u>	434	40.9	35.7	3.6	1.6
South Korea	872	52.8	43.9	4.8	4.1
Jordan	941	55.1	52.1	.8 <u>4/</u>	2.2
Panama <u>1/</u>	1,029	49.1	43.7	3.7 <u>4/</u>	1.7
Fiji	1,287	29.9	21.3	5.3	3.3
Cyprus <u>1/</u>	1,347	37.9	31.8	3.4	2.7
Jamaica	1,365	43.5	35.2	3.7	4.6
South Africa	1,436	32.7	24.4	5.4	2.9
Portugal <u>1/</u>	1,598	50.1	39.9	8.1	2.1
Malta	1,917	35.4	26.6	4.9	3.9
Yugoslavia	2,240	49.7	39.7	7.0 <u>4/</u>	3.0
Hong Kong	2,285	30.0	26.3	2.1	1.6
Ireland <u>1/</u>	2,420	44.4	26.7	12.6	5.1
Singapore	2,577	27.7	23.1	2.0	2.6
Venezuela	2,598	42.8	[38.0	3.0	1.8] <u>3/</u>
USSR	2,658	45.0	[34.0	9.0	2.0] <u>3/</u>
Spain <u>2/</u>	2,677	33.3	[30.3	1.5	1.5] <u>3/</u>
Hungary	2,774	44.0	30.3	11.6 <u>4/</u>	2.1
Greece	2,795	40.3	35.1	2.7	2.5
Poland	2,896	45.0	30.8	11.5 <u>4/</u>	2.7
Italy	3,084	35.0	30.6	2.3	2.1
Puerto Rico	3,151	31.7	25.4	4.5	1.8
Israel	3,460	27.5	24.9	.9	1.7
U.K.	3,831	31.4	19.3	7.8	4.3
Japan <u>1/</u>	4,291	28.3	[23.3	3.0	2.0] <u>3/</u>
Austria	5,564	25.3	19.0	3.9	2.4
Finland	5,652	35.2	27.2	5.7	2.3
France	6,304	23.5	20.1	2.3	1.1
Australia <u>1/</u>	6,559	25.9	17.2	6.3	2.5
Netherlands	6,945	22.9	18.5	2.2	2.2
Norway	7,179	28.1	22.1	3.8	2.2
W. Germany	7,328	27.2	[22.0	3.0] <u>3/</u>	2.2
Belgium	7,394	26.2	21.0	3.5	1.8
Canada	7,482	20.9	15.3	3.5	2.1
United States	7,666	16.5	13.6	1.4	1.4
Sweden	8,266	27.7	20.6	4.7	2.4
Denmark	8,295	27.6	19.6	4.2	3.8
Switzerland	8,823	29.4	22.2	[4.7	2.5] <u>3/</u>

1/ For 1976. 2/ For 1975. 3/ Distribution within group was estimated. 4/ Expenditures for alcoholic beverages were estimated from reported expenditures for all beverages.

Source: United Nations, Yearbook of National Accounts Statistics, 1978, Vols. I and II.
Prepared by: Arthur B. Mackie and Michael Allan.

Table 8— U.S. agricultural exports: Value by commodity,
1978/79 and 1979/80

Commodity	Oct.-Apr.		Oct.-Sept.	
	1978/79	1979/80	1978/79	Forecast 1979/80
- -Billion dollars- -				
Grain and feed	6.763	10,864	13.634	17.6
Oilseeds and products	5.927	6.576	8.692	9.0
Cotton, including linters	1.114	1.974	1.910	2.9
Tobacco .....	.958	.922	1.292	1.3
Fruits, nuts and vegetables	1.206	1.601	2.066	2.6
Sugar and tropical products .....	.418	.460	.740	.8
Livestock products	1.855	1.986	3.160	3.3
Dairy products .....	.066	.089	.120	.1
Poultry products .....	.213	.288	.368	.4
Total	18.520	24.760	31.983	38.0

Table 9— U.S. agricultural exports: Volume by commodity,
1978/79 and 1979/80¹

Commodity	Oct.-Apr.		Oct.-Sept.	
	1978/79	1979/80	1978/79	Forecast 1979/80
- -Million metric tons- -				
Wheat	16.001	20.087	31.340	34.1
Wheat flour .....	.344	.530	.877	1.0
Feed grains	30.363	43.234	59.499	71.0
Rice	1.498	1.680	2.397	2.7
Other grain products .....	.548	.598	.861	1.0
Feeds and fodders	2.243	2.949	4.304	5.0
Soybeans	14.727	16.185	20.194	22.5
Soybean meal	3.919	4.629	5.996	6.7
Other oilcake and meal .....	.156	.223	.294	.5
Soybean oil .....	.621	.756	1.059	1.1
Other vegetable oils .....	.288	.303	.460	.5
Sunflower seed .....	.990	1.114	1.342	1.8
Cotton, including linters .....	.810	1.351	1.395	1.9
Tobacco .....	.211	.192	.287	.3
Fruits, nuts and vegetables	1.659	1.810	2.807	3.0
Beef, pork, and variety meats .....	.191	.202	.326	.4
Poultry meat .....	.119	.168	.208	.2
Animal fats .....	.756	.882	1.276	1.3
Other	1.377	1.841	2.574	3.4
Total	76.821	98.734	137.496	158.4

¹ Shown in actual export tonnages not converted to product equivalents. Excludes animal numbers and some commodities reported in cases, pieces, dozens, liquid measures, etc.

Table 10—Cereals, Total World Production, Consumption, and Net Exports

Region	1969/70-1971/72			1977/78			1978/79			1979/80			
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	
--- Million Metric Tons ---													
Developed Countries	404.0	377.5	31.5	480.6	389.2	78.2	515.5	414.5	90.3	529.8	419.7	112.6	
United States	208.7	168.9	39.3	262.4	161.0	88.8	271.3	178.4	94.8	297.2	180.3	110.9	
Canada	34.4	22.1	14.9	42.2	21.6	19.5	41.4	22.6	16.1	36.3	23.2	19.0	
EC-9	94.2	111.5	-16.6	103.9	115.3	-11.1	116.7	119.5	-6.4	113.9	119.8	-5.1	
Other Western Europe ...	28.9	33.7	-4.9	32.1	43.9	-10.1	36.9	43.7	-9.2	33.3	44.3	-10.6	
South Africa	10.1	7.1	2.5	12.8	8.9	3.4	10.5	9.2	2.7	13.5	9.4	3.8	
Japan	12.7	27.9	-14.4	12.4	32.7	-22.6	12.2	34.4	-23.1	11.8	35.7	-23.5	
Oceania	15.0	6.3	10.7	14.8	5.8	10.3	26.5	6.7	15.4	23.8	7.0	18.1	
Centrally Planned Countries	408.7	423.9	-6.5	483.3	531.7	-34.4	547.6	564.8	-35.3	496.5	569.7	-55.9	
Eastern Europe	75.1	83.2	-7.8	93.9	104.2	-10.3	96.4	109.4	-12.2	91.3	107.4	-16.1	
USSR	167.4	171.8	4.0	186.2	217.0	-16.8	227.5	221.5	-12.9	171.7	219.6	-30.6	
People's Republic of China	166.2	168.9	-2.7	203.2	210.5	-7.3	223.7	233.9	-10.2	233.5	242.7	-9.2	
Developing Countries	312.1	330.1	-8.9	366.7	407.7	-40.6	385.9	426.3	-39.6	367.0	427.3	-52.9	
Middle America	16.1	17.3	-1.0	19.0	24.4	-4.6	20.5	25.3	-4.7	18.5	27.2	-8.6	
Venezuela .....	.8	1.8	-9.9	1.5	2.8	-1.6	1.5	3.4	-1.9	1.7	3.6	-1.9
Brazil	20.4	22.0	-8.8	21.6	28.4	-5.2	24.6	30.5	-6.3	29.7	32.3	-3.9	
Argentina	19.4	11.1	8.5	24.2	11.4	13.0	25.6	11.9	14.2	19.4	11.2	8.8	
Other South America	6.8	8.9	-2.1	7.4	10.3	-3.1	8.0	11.5	-3.1	8.0	11.5	-4.0	
North Africa/Middle East ..	41.1	50.0	-3.7	47.9	68.1	-19.1	52.4	72.6	-19.2	49.4	73.2	-22.5	
Central Africa	21.5	23.2	-1.7	20.8	24.7	-4.2	22.0	26.0	-4.4	21.5	25.8	-4.2	
East Africa	10.9	10.8	-2.2	12.7	13.1	-5.5	12.3	12.8	-4.4	10.2	11.9	-1.4	
South Asia	119.1	123.5	-5.5	147.0	148.7	-3.1	150.4	153.0	-2.2	140.4	149.3	-2.3	
Southeast Asia	25.7	23.7	1.9	27.8	26.0	1.5	29.4	25.0	+3.8	28.4	26.1	+3.0	
East Asia	30.3	37.8	-3.4	36.8	49.8	-13.7	39.2	54.3	-15.4	39.8	55.2	-15.9	
Rest of World	4.1	6.0	-1.7	5.7	7.5	-1.6	5.8	7.4	-1.6	6.0	7.6	-1.6	
World Total	1,128.9	1,137.5		1,336.3	1,336.1		1,454.8	1,413.0		1,399.3	1,424.3		

Table 11— Coarse Grains: World Production, Consumption, and Net Exports

Region	1969/70-1971/72				1977/78				1978/79				1979/80			
	Produc- tion	Consump- tion	Net Exports		Produc- tion	Consump- tion	Net Exports		Produc- tion	Consump- tion	Net Exports		Produc- tion	Consump- tion	Net Exports	
--- Million Metric Tons ---																
Developed Countries	276.4	275.5	.9		329.5	286.8	27.2		349.2	309.9	32.6		362.5	316.4	45.1	
United States	165.8	145.7	20.2		203.8	136.6	56.0		218.1	153.3	59.9		234.5	157.6	70.9	
Canada	20.5	17.4	3.2		22.3	16.4	3.6		20.3	17.4	3.1		18.6	18.0	4.2	
EC-9	56.7	69.9	-13.0		65.0	74.9	-10.5		68.5	77.5	-10.0		67.1	77.1	-9.2	
Other Western Europe	18.6	22.5	-4.1		22.5	31.7	-9.8		25.5	32.8	-8.5		23.6	33.5	-9.6	
South Africa	8.7	5.7	2.6		11.0	7.1	3.3		8.8	7.2	2.7		11.3	7.4	3.7	
Japan .....	.7	11.1	-10.3		.2	16.9	-17.0		.4	18.0	-17.9		.4	19.1	-18.6	
Oceania	5.4	3.2	2.3		4.7	3.2	1.6		7.6	3.7	3.3		7.0	3.7	3.7	
Centrally Planned Countries	185.0	189.3	-3.7		226.3	249.3	-17.9		242.2	262.7	-20.9		221.0	255.2	-31.9	
Eastern Europe	48.6	51.9	-3.1		59.2	66.4	-7.1		60.4	69.9	-8.9		63.5	74.4	-10.9	
USSR	73.8	74.7	-.5		92.6	108.3	-10.7		105.3	113.2	-8.9		80.0	101.2	-18.9	
People's Republic of China	62.6	62.7	-.1		74.5	74.6	-.1		76.5	79.6	-3.1		77.5	79.6	-2.1	
Developing Countries	131.1	125.6	5.0		145.3	151.4	-4.1		154.7	162.4	-7.2		142.7	158.4	-14.1	
Middle America	13.4	13.6	-.1		15.7	19.2	-3.0		17.1	19.8	-2.7		15.3	21.6	-6.3	
Venezuela .....	.7	.9	-.3		1.2	1.8	-.8		1.1	2.2	-1.1		1.3	2.4	-1.2	
Brazil	14.6	14.4	.9		14.4	16.8	-1.6		16.7	18.2	-1.6		20.2	19.0	.7	
Argentina	13.3	6.5	6.8		18.3	7.0	11.2		17.2	7.7	10.0		11.4	6.7	4.8	
Other South America	3.5	3.9	-1.2		3.9	4.4	-.6		4.2	4.9	-.6		4.2	4.9	-.9	
North Africa/Middle East	17.8	19.1	-1.2		19.0	23.9	-4.1		21.4	26.1	-5.0		19.8	25.3	-4.7	
Central Africa	19.0	19.1	-.1		18.4	18.9	-.5		19.5	19.9	-.6		18.9	19.3	-.5	
East Africa	9.2	8.8	.1		11.0	10.7	.2		10.6	10.4	.3		8.5	9.3	-.6	
South Asia	30.9	31.0	-.1		33.8	34.3	0		34.3	35.2	0		30.8	32.2	0	
Southeast Asia	2.3	.6	1.8		2.6	1.4	1.2		3.8	1.7	2.1		4.1	1.8	2.2	
East Asia	6.4	7.7	-1.6		7.0	13.0	-6.1		8.8	16.3	-8.0		8.2	15.9	-7.6	
Rest of World	1.8	2.0	-.2		1.8	2.0	-.2		1.9	2.1	-.2		1.7	2.5	-.2	
World Total	594.3	592.4			702.9	689.5			748.0	737.1			727.9	732.5		

Table 12—Wheat: World Production, Consumption, and Net Exports

Region	1969/70-1971/72			1977/78			1978/79			1979/80		
	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production	Consumption	Net Exports
<i>Million Metric Tons</i>												
Developed Countries	112.1	87.8	28.3	134.8	89.4	48.7	149.0	90.7	56.2	150.4	89.6	64.3
United States	40.0	21.9	17.4	55.4	23.1	30.5	48.9	23.3	32.5	58.3	21.1	37.4
Canada	13.9	4.7	11.7	19.9	5.1	16.0	21.1	5.2	13.1	17.7	5.1	14.9
EC-9	36.9	40.9	-3.5	38.4	39.5	-1.1	47.6	41.0	3.9	46.1	41.8	4.3
Other Western Europe	9.9	10.7	-8	9.3	11.6	-3	10.9	10.3	.6	9.3	10.2	-1.0
South Africa	1.5	1.3	-1	1.9	1.7	-1	1.7	1.9	.1	2.2	1.9	.1
Japan . . . . .	.6	5.3	-4.7	.2	5.8	-5.7	.4	6.1	-5.7	.5	6.2	-5.4
Oceania	9.3	3.0	8.3	9.7	2.6	8.4	18.4	2.9	11.7	16.3	3.3	14.0
Centrally Planned Countries	148.8	160.5	-3.6	167.7	193.8	-17.1	210.6	207.6	-14.5	178.3	217.8	-24.5
Eastern Europe	26.3	30.9	-4.5	34.5	37.4	-2.9	35.8	39.1	-2.9	27.7	32.6	-4.9
USSR	92.8	96.0	4.8	92.2	106.8	-5.6	120.8	106.5	-3.6	90.1	116.4	-11.3
People's Republic of China	29.7	33.6	-3.9	41.0	49.6	-8.6	54.0	62.0	-8.0	60.5	68.8	-8.3
Developing Countries	63.5	85.4	-22.8	80.4	115.7	-32.9	87.3	121.5	-5.2	90.1	127.3	-3.4
Middle America	2.1	2.9	-.8	2.4	4.1	-1.5	2.4	4.4	-2.0	2.2	4.4	-2.2
Venezuela	-	.7	-.7	-	.8	-.8	-	.8	-.8	-	.8	-.8
Brazil	1.6	3.6	-1.8	2.1	6.0	-3.6	2.7	6.5	-3.9	2.9	7.4	-4.6
Argentina	5.9	4.4	1.6	5.7	4.3	1.8	8.1	4.1	4.1	7.8	4.3	3.9
Other South America	1.9	3.8	-1.8	1.3	4.0	-2.7	1.4	4.6	-2.9	1.5	4.5	-3.2
North Africa/Middle East	20.5	28.2	-7.8	26.4	40.2	-13.8	28.3	42.1	12.6	26.8	43.4	16.1
Central Africa . . . . .	.9	2.0	-1.1	.4	2.7	-2.3	.4	2.7	-2.4	.5	3.0	-2.5
East Africa . . . . .	.3	.6	-.3	.3	.8	-.5	.3	.8	-.5	.3	.8	-.5
South Asia	30.1	33.8	-4.8	41.7	46.5	-3.2	43.6	49.5	-3.5	48.0	52.0	-2.9
Southeast Asia	-	1.2	-1.2	.1	1.3	-1.2	.1	1.2	-1.1	.1	1.5	-1.4
East Asia . . . . .	.2	4.2	-4.1	-	5.0	-5.1	-	4.8	-4.8	-	5.2	-5.3
Rest of World . . . . .	.3	1.7	-1.3	.6	2.3	-1.7	.8	2.3	-1.6	.7	2.3	-1.6
World Total	324.7	335.4	-	383.5	401.2	-	447.7	422.1	-	419.5	437.0	-

Table 13-- Rice: World Production, Consumption, and Net Exports

Region	1968/70-1971/72			1977/78			1978/79			1979/80		
	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production	Consumption	Net Exports
<i>Million Metric Tons</i>												
Developed Countries	15.6	14.3	2.0	16.3	13.0	1.8	17.4	13.9	2.6	16.9	13.8	3.1
UNITED STATES	2.9	1.3	1.7	3.1	1.3	2.3	4.3	1.8	2.4	4.4	1.6	2.7
Canada	—	.1	-.1	—	.1	-.1	—	.1	-.1	—	.1	-.1
EC-9 . . . . .	.7	.7	-.1	.5	.9	-.5	.7	1.0	-.3	.7	1.0	-.2
Other Western Europe . . . . .	.4	.5	0	.4	.5	-.1	.4	.5	-.1	.4	.5	-.1
South Africa	—	.1	-.1	—	.1	-.1	—	.1	-.1	—	.1	-.1
Japan	11.4	11.5	.5	11.9	10.0	0	11.5	10.3	.4	10.9	10.4	.5
Oceania . . . . .	.2	.1	.1	.4	.1	.3	.5	.1	.4	.5	.1	.4
Centrally Planned Countries	74.8	74.1	.7	89.2	88.6	.6	94.7	94.4	.2	97.2	96.7	.5
Eastern Europe . . . . .	.1	.4	-.3	.1	.4	-.3	.1	.4	-.3	.1	.4	-.3
USSR . . . . .	.8	1.1	-.3	1.4	1.9	-.5	1.4	1.8	-.4	1.6	2.0	-.4
People's Republic of China	73.9	72.6	1.3	87.7	86.3	1.4	93.2	92.2	.9	95.5	94.3	1.2
Developing Countries	117.2	119.1	-2.2	140.8	140.8	-3.3	143.8	142.1	-2.2	134.4	141.4	-2.8
Middle America . . . . .	.7	.8	-.1	.9	1.1	0	.9	1.1	-.1	1.0	1.1	-.1
Venezuela . . . . .	.1	.1	0	.3	.2	0	.4	.3	0	.4	.4	.1
Brazil	4.1	4.0	.1	5.1	5.6	.0	5.2	5.7	-.7	6.6	6.0	0
Argentina . . . . .	.2	.2	.1	.2	.1	.1	.2	.1	.1	.3	.1	.1
Other South America	1.4	1.3	.1	2.1	1.8	.3	2.4	2.0	.2	2.3	2.1	.2
North Africa/Middle East	2.8	2.7	.1	2.5	4.0	-1.3	2.8	4.4	-1.6	2.8	4.5	-1.7
Central Africa	1.6	2.1	-.6	1.9	3.2	-1.4	2.1	3.3	-1.5	2.1	3.4	-1.2
East Africa	1.4	1.4	0	1.4	1.7	-.2	1.4	1.6	-.2	1.5	1.8	-.3
South Asia	58.1	58.6	-.6	71.6	67.9	-.2	72.5	68.4	1.3	61.6	65.0	.7
Southeast Asia	23.1	22.0	1.3	25.1	23.4	1.5	25.5	22.1	2.8	24.3	22.8	2.3
East Asia	23.7	25.9	-2.6	29.7	31.8	-2.5	30.4	33.1	-2.7	31.5	34.2	-2.9
Rest of World	2.2	2.4	-.2	3.7	3.2	.3	3.1	3.2	.2	3.4	3.2	.2
World Total	209.8	209.9	—	250.0	245.6	—	259.0	253.6	—	251.9	255.1	—

Table 14— Rice, milled: U.S. exports of parboiled and brown rice by country of destination, average 1970-74, annual 1974-78, and Aug.-Apr. 1978-79 and 1979-80¹

Destination	Average	1974/75	1975/76	1976/77	1977/78	1978/79	Aug.-Apr.	
	1970-74						1978/79	1979/80
	Metric tons							
Parboiled rice:								
Canada	12,806	6,171	9,579	8,284	9,656	10,481	7,606	8,916
Belg.-Lux.	4,424	1,064	5,365	7,730	6,076	10,406	7,134	7,029
West Germany. . . .	30,141	36,540	56,763	51,870	31,964	15,212	10,924	13,261
Netherlands	4,645	2,109	6,878	15,062	10,054	7,265	4,971	5,330
Sweden.	4,314	4,474	5,084	7,109	7,245	7,910	5,526	5,576
Switzerland	11,529	7,977	13,253	27,275	14,051	25,544	20,485	17,508
United Kingdom . . .	12,791	6,529	7,378	8,331	4,560	12,294	10,673	7,875
Iran.	944	4,718	---	13,922	4,990	---	---	---
Saudi Arabia.	70,029	75,863	116,221	70,537	168,036	219,195	165,540	108,768
Liberia	22,482	11,174	18,319	13,861	25,911	27,485	26,184	32,596
Nigeria	1,939	2,814	11,667	117,713	132,122	150,813	132,454	116,150
South Africa.	66,286	45,232	75,560	88,733	61,972	90,124	71,452	64,933
Sub total.	242,330	204,665	326,067	430,427	476,637	576,729	462,949	387,942
Total parboiled	293,150	249,429	370,607	473,125	502,538	627,281	501,735	443,493
Brown rice:								
Canada	33,781	39,459	43,630	39,391	28,147	15,616	5,884	27,490
Belg.-Lux.	7,397	7,234	10,776	15,306	8,447	28,508	22,500	49,608
France	3,673	neg	1,547	3,515	4,303	3,600	3,585	1,609
Italy	neg	---	45,925	12,111	34,315	23,759	23,759	---
West Germany.	17,144	12,256	14,897	10,648	29,570	13,402	13,402	6,434
Netherlands	13,538	13,724	47,995	33,510	13,535	18,508	15,296	13,757
Portugal	neg	---	36,594	55,412	12,082	57,850	27,133	31,050
Switzerland	1,248	4,475	1,153	10,923	13,548	20,473	17,053	29,697
United Kingdom . . .	18,323	19,881	18,715	18,760	7,658	32,210	23,407	6,763
Indonesia	11,932	---	---	25,520	69,331	---	---	---
Liberia	4,576	5,959	6,016	6,996	5,358	3,657	3,657	7,226
South Africa.	7,213	14,775	3,074	4,478	5,152	5,932	3,214	3,682
Korea, Rep. of	252,998	432,021	128,967	75,214	neg	39,331	---	226,064
Sub total.	371,823	549,784	359,289	311,784	231,446	262,846	158,890	403,380
Total brown rice	482,298	574,645	445,862	353,852	238,017	282,361	173,852	413,625

¹ 1970-75 data on July-June basis; 1976-78 data on August-July marketing year.

Source: Foreign Agricultural Service, World Grain Situation FG-19-80

Table 14— Rice, milled: U.S. exports by country of destination, average 1970-74, annual 1974-78, and Aug.-Apr. 1978-79 and 1979-80¹

Destination	Average	1974/75	1975/76	1976/77	1977/78	1978/79	Aug.-Apr.	
	1970-74						1978/79	1979/80
	Metric tons							
Canada	62,875	60,288	71,385	74,164	74,042	77,338	59,468	59,783
Dominican Republic .	16,829	neg	24,083	14,928	11,366	8	5	30,405
Belg-Lux..	14,268	11,236	17,051	25,473	19,310	42,433	31,632	67,162
Italy	neg	neg	45,971	36,241	163,934	136,928	134,789	42,249
Fed. Rep. Germany. .	51,429	53,414	72,431	65,853	62,083	29,064	24,647	21,006
Netherlands	21,046	21,917	57,795	50,989	25,602	26,778	21,250	33,756
Portugal	384	---	36,594	69,719	12,083	57,851	27,134	31,051
Switzerland	13,238	12,470	14,442	46,883	29,739	51,599	40,219	48,101
United Kingdom . . .	40,050	32,243	29,982	32,391	12,412	48,057	36,147	17,505
USSR	2,028	10,141	63,228	54,923	42,786	11,313	6,300	17,844
Korea, Rep. of. . . .	391,600	529,798	128,967	75,214	neg	39,331	---	358,898
Indonesia.	191,810	42,020	---	408,862	468,807	260,421	182,551	175,877
Iran	107,166	461,864	173,701	457,244	343,698	348,114	239,942	31,105
Iraq	23,802	109,999	80,838	36,959	89,895	148,151	96,219	206,433
Bangladesh.	65,862	258,095	245,244	21,093	82,609	3,000	3,000	---
Cambodia	85,460	166,716	---	---	---	---	---	17,051
Vietnam	224,850	63,983	---	---	---	---	---	---
Saudi Arabia.	71,053	78,709	116,731	71,665	169,582	233,855	177,460	115,143
Syria	2,876	14,382	26,205	35,943	18,022	42,161	40,957	14,568
Zaire	1,172	817	30,432	3,303	14,980	30,425	30,421	16,392
Guinea	8,717	15,401	9,282	12,507	24,311	9,757	1,408	2
Ivory Coast	1,662	1,041	1,694	16,615	45,837	69,732	68,886	2,613
Liberia	32,559	23,031	24,377	51,441	41,374	40,543	39,242	52,454
Nigeria	2,065	3,026	12,446	130,554	171,661	183,583	165,224	116,832
Senegal	8,626	18,480	11,152	22,800	77,272	1,253	1,114	1,547
Rep. of So. Africa. .	78,191	63,628	81,706	96,024	71,491	103,792	81,065	72,099
Tanzania	3,019	15,094	15,820	17,886	19,596	---	---	4,378
Sub total.	1,522,637	2,067,793	1,391,557	1,929,674	2,092,492	1,995,487	1,509,080	1,554,254
Total milled rice. . .	1,775,270	2,230,957	1,538,110	2,104,990	2,267,448	2,430,689	1,849,759	1,899,784

¹ 1970-75 data on July-June basis; 1976-79 on Aug.-Jul. marketing year.

Source: Foreign Agricultural Service World Grain Situation FG-19-80

Table 15--Monthly prices of selected oilseeds, meals, and oils, 1977-1979 1/ 2/

Commodity	Year	Port	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Average
-- \$/M.T. --															
Soybeans	1977	Rotterdam	287	293	328	384	371	326	252	230	205	209	236	241	280
	1978	Rotterdam	239	239	273	290	290	278	266	262	264	271	270	278	268
	1979	Rotterdam	284	298	310	300	300	322	322	302	292	283	281	279	298
	1980	Rotterdam	268	271	264	252									
Soybean meal	1977	Rotterdam	251	248	272	316	298	253	193	174	174	179	200	200	230
	1978	Rotterdam	200	188	215	224	221	208	207	202	208	223	227	237	213
	1979	Rotterdam	235	238	241	238	240	261	246	236	238	238	251	268	244
	1980	Rotterdam	265	254	242	242									
Soybean oil	1977	Decatur	455	493	584	653	687	630	522	464	421	410	461	500	498
	1978	Decatur	460	477	587	600	631	592	569	575	607	593	547	570	567
	1979	Decatur	566	610	614	590	581	609	644	634	659	603	608	576	608
	1980	Decatur	520	512	478	440									
Copra	1977	N.W. Europe	377	396	510	526	502	433	365	318	325	333	355	388	402
	1978	N.W. Europe	380	397	435	405	417	459	452	456	525	552	574	595	470
	1979	N.W. Europe	670	691	690	728	724	725	735	690	613	601	610	595	673
	1980	N.W. Europe	587	565	520	440									
Coconut meal	1977	Hamburg	198	187	176	198	185	182	174	171	162	164	172	177	179
	1978	Hamburg	170	162	163	166	167	169	173	176	179	186	191	198	175
	1979	Hamburg	202	202	205	209	211	218	219	214	222	223	221	223	214
	1980	Hamburg	224	226	214	207									
Coconut oil	1977	Rotterdam	546	576	735	793	718	620	513	451	463	479	505	539	578
	1978	Rotterdam	541	561	650	600	596	646	644	657	778	805	835	886	683
	1979	Rotterdam	966	981	986	1062	1056	1062	1095	1002	905	907	907	885	984
	1980	Rotterdam	885	840	760	660									
Peanuts	1977	UK	529	547	555	582	606	635	n.q. 3/	540	480	468	492	544	543
	1978	UK	562	558	557	635	660	667	634	615	638	654	645	628	621
	1979	UK	636	621	605	628	597	540	580	560	535	520	472	480	565
	1980	UK	480	500	485	461									
Peanut oil	1977	Rotterdam	849	856	871	881	897	848	804	807	773	794	852	917	846
	1978	Rotterdam	956	910	1020	1127	1128	1106	1042	1044	1210	1194	1191	1022	1079
	1979	Rotterdam	976	969	972	970	925	893	913	867	872	812	775	720	889
	1980	Rotterdam	744	778	720	708									
Rapeseed	1977	N.W. Europe	293	306	326	372	374	342	290	266	279	292	303	302	312
	1978	N.W. Europe	294	298	319	330	n.q. 3/	321	287	258	274	286	297	299	297
	1979	N.W. Europe	284	306	317	300	304	318	324	327	326	318	311	306	313
	1980	N.W. Europe	304	304	285	270									
Fishmeal	1977	Hamburg	467	452	442	484	506	477	447	382	408	456	462	464	454
	1978	Hamburg	452	434	434	416	410	408	401	405	387	384	398	390	410
	1979	Hamburg	381	382	381	366	368	393	415	400	394	394	415	450	395
	1980	Hamburg	491	518	478	470									
Palm oil	1977	N.W. Europe	462	507	598	647	659	619	520	493	460	450	445	501	530
	1978	N.W. Europe	514	558	614	624	624	654	622	585	615	623	604	604	600
	1979	N.W. Europe	636	694	688	666	665	675	678	652	640	602	620	630	654
	1980	N.W. Europe	673	683	637	611									

1/ All prices c.i.f. European ports except soybean oil which is f.o.b. Decatur

2/ Source: Oil World; various issues.

3/ No quote

Table 16—World cotton production, trade, and mill consumption, annual 1976/77-1979/80

Country	Production				Exports			
	1976/77	1977/78	1978/79 (¹)	1979/80 (²)	1976/77	1977/78	1978/79 (¹)	1979/80 (²)
<i>Million 480-lb. bales</i>								
United States	10.6	14.4	10.9	14.6	4.8	5.5	6.2	9.0
USSR	12.0	12.7	12.3	13.1	4.3	4.2	3.7	3.7
China, People's Republic	10.0	9.4	10.0	10.1	0.2	0.1	0.1	—
India	5.0	5.7	6.3	6.1	—	—	0.2	0.4
Pakistan	1.9	2.5	2.1	3.2	0.1	0.5	0.3	1.1
Brazil	2.5	2.2	2.7	2.6	0.1	0.2	0.2	0.1
Egypt	1.8	1.8	2.0	2.2	0.6	0.6	0.7	0.7
Turkey	2.2	2.6	2.2	2.2	0.6	1.2	1.0	0.7
Mexico	1.0	1.6	1.5	1.5	0.5	0.6	0.9	0.8
Central America	1.7	1.7	1.6	1.1	1.5	1.5	1.5	1.0
Sudan	0.7	0.9	0.6	0.6	0.6	0.6	0.8	0.6
EC9	—	—	—	—	0.2	0.2	0.2	0.1
Eastern Europe	0.1	0.1	0.1	0.1	—	—	—	—
Japan	—	—	—	—	0.1	—	—	—
Hong Kong	—	—	—	—	0.1	0.1	0.1	—
Taiwan	—	—	—	—	—	—	—	—
Korea, Republic of	—	—	—	—	—	—	—	—
Other	7.9	8.5	7.7	8.0	3.9	3.9	3.9	4.1
World total	57.4	64.1	60.0	65.4	17.6	19.2	19.8	22.3
	Imports				Consumption			
	1976/77	1977/78	1978/79 (¹)	1979/80 (²)	1976/77	1977/78	1978/79 (¹)	1979/80 (²)
United States	—	—	—	—	6.7	6.5	6.4	6.5
USSR	0.5	0.4	0.3	0.3	9.0	9.0	9.0	9.1
China, People's Republic	0.7	1.6	2.2	3.5	11.4	12.1	12.6	13.4
India	0.4	0.3	—	—	5.7	5.5	5.7	6.0
Pakistan	—	—	—	—	1.8	1.9	1.9	1.9
Brazil	—	—	—	—	2.1	2.2	2.4	2.5
Egypt	0.1	0.1	0.1	—	1.2	1.3	1.3	1.4
Turkey	—	—	—	—	1.5	1.2	1.4	1.4
Mexico	—	—	—	—	0.7	0.7	0.8	0.8
Central America	—	—	—	—	0.2	0.2	0.1	0.1
Sudan	—	—	—	—	0.1	0.1	0.1	0.1
EC9	3.6	3.6	3.4	3.3	3.2	3.2	3.2	3.3
Eastern Europe	3.2	3.5	3.3	3.3	3.1	3.3	3.4	3.4
Japan	3.0	3.2	3.4	3.4	3.1	3.1	3.3	3.4
Hong Kong	1.0	1.0	0.8	0.9	0.9	1.0	0.9	0.9
Taiwan	0.8	1.1	0.9	1.0	1.0	1.0	1.0	1.0
Korea, Republic of	0.9	1.3	1.3	1.5	1.0	1.2	1.2	1.4
Other	3.8	3.8	4.1	4.7	8.3	7.6	8.1	8.1
World total	18.0	19.9	19.8	21.9	60.9	61.1	62.8	64.7

¹ Estimated, ² Forecast. Source: Foreign Agricultural Service.

Table 17—United States cotton exports by destination, average 1972-76 and annual 1977/78-79/80¹

Country	Average	Aug.-April			
	1972-76	1977/78	1978/79	1978/79	1979/80
<i>1,000 running bales²</i>					
Bangladesh	101	42	107	95	56
Canada	202	214	214	171	210
China, People's Republic	332	414	606	481	1,789
China, Republic of (Taiwan)	445	490	431	279	460
European Community	(360)	(312)	(405)	(300)	(482)
France	71	80	61	45	76
Germany, Federal Republic	75	65	92	68	153
Italy	106	77	136	102	135
United Kingdom	52	59	68	53	57
Other	56	31	48	32	61
Hong Kong	221	479	402	300	429
India	55	—	—	—	—
Indonesia	144	223	225	162	205
Japan	985	1,028	1,276	946	1,161
Korea, South	746	1,172	1,209	885	971
Philippines	122	98	116	83	76
Poland	30	34	70	36	24
Romania	44	32	50	6	120
Spain	61	64	62	44	79
Switzerland	66	105	86	61	85
Thailand	148	161	229	156	178
Other	386	351	362	279	317
World	4,448	5,219	5,850	4,284	6,642

¹ Year beginning August 1. ² Running bales weigh approximately 500 pounds.

Source: Foreign Agricultural Service.

Table 18—World centrifugal sugar production by regions and major countries, average
1969/70-1971/72 and annual 1977/78-1979/80

Country and region	1969/70- 71/72	1977/78	1978/79 ²	1979/80 ³
- -1,000 metric tons- -				
North America	17,516	19,221	19,242	18,330
Canada	127	147	125	122
United States ¹	5,587	5,436	5,561	5,307
Cuba	6,382	7,200	7,000	6,400
Dominican Republic	1,073	1,164	1,166	1,200
Mexico	2,466	3,029	3,058	3,000
Other North America	1,881	2,245	2,332	2,301
South America	9,133	13,878	12,461	11,742
Argentina	956	1,665	1,387	1,395
Brazil	5,119	8,863	7,740	6,970
Other South America	3,058	3,350	3,334	3,377
Western Europe	11,074	14,599	14,666	14,891
EC-9	9,318	12,104	12,267	12,894
Other Western Europe	1,756	2,495	2,399	1,997
Eastern Europe	4,232	5,779	5,735	5,758
USSR	8,592	8,825	9,100	7,400
Africa	4,729	6,035	6,332	6,481
South Africa Republic	1,637	2,211	2,209	2,206
Asia	12,781	20,434	19,574	17,368
China, People's Republic	1,957	2,450	2,675	2,600
India	4,113	8,201	7,086	5,639
Japan	485	630	693	718
Philippines	1,951	2,397	2,347	2,383
Oceania	2,813	3,683	3,312	3,421
Australia	2,467	3,322	2,965	2,961
World Total	70,908	92,454	90,422	85,391

¹ Includes Hawaii and Puerto Rico. ² Estimates. ³ Forecast.

Source: Foreign Agricultural Service.

Table 19--World coffee supply and distribution

Period	Beginning stocks	Production	Imports	Total supply distribution	Domestic use	Beans	Exports			
							RSTD/ GRND	Soluble	Total	
1,000 60-KG BAGS										
1960/61.....	58,806	65,374	215	124,395	16,270	42,846	63	92	43,003	65,123
1961/62.....	65,123	75,950	191	141,264	20,985	45,959	56	135	46,151	74,128
1962/63.....	74,128	67,787	162	142,077	14,591	46,778	42	123	46,946	80,538
1963/64.....	80,538	65,338	91	145,967	17,524	50,883	69	118	51,070	77,371
1964/65.....	77,371	52,649	89	130,109	16,650	41,765	58	78	41,902	71,556
1965/66.....	71,556	82,153	144	153,853	17,697	49,669	37	257	49,965	86,188
1966/67.....	86,188	63,380	158	149,726	19,128	48,324	26	564	48,915	81,684
1967/68.....	81,684	70,877	155	152,716	17,950	54,935	55	741	55,732	79,039
1968/69.....	79,039	63,316	115	142,470	19,528	52,542	76	963	53,582	69,360
1969/70.....	69,360	69,713	181	139,254	18,789	53,875	84	1,141	55,119	65,346
1970/71.....	65,346	58,979	179	124,504	19,278	50,280	107	1,253	51,641	53,588
1971/72.....	53,588	73,679	211	127,478	18,951	56,431	258	1,589	58,279	50,246
1972/73.....	50,246	77,033	206	127,485	17,365	58,723	381	2,045	61,150	48,974
1973/74.....	48,974	66,115	288	115,377	19,028	58,080	163	2,149	60,391	35,958
1974/75.....	35,958	82,508	293	118,759	19,145	53,099	240	1,985	55,325	44,288
1975/76.....	44,288	73,075	245	117,608	18,780	56,748	394	2,164	59,309	39,522
1976/77.....	39,522	61,523	246	101,291	18,458	54,864	307	2,224	57,346	25,487
1977/78.....	25,487	70,507	290	96,284	18,591	47,110	176	893	48,176	29,517
1978/79.....	29,517	78,458	291	108,266	19,189	61,293	169	2,460	63,921	25,156
1979/80.....	25,156	79,432	294	105,182	19,633	59,079	136	2,613	60,827	24,722
1980/81.....	24,722	79,614	315	104,651	20,051	59,173	158	3,593	62,924	21,676

Table 20—World leaf tobacco production in selected regions and countries, average 1969-71 and annual 1975-79

Region and Country	Average	1975	1976	1977	1978	1979 ¹
	1969-71					
	- 1,000 metric tons ² -					
North America	1,065	1,250	1,233	1,147	1,231	963
United States	819	992	971	869	920	703
Canada	107	106	82	104	116	78
Mexico	61	60	64	64	67	76
Other North America	79	92	116	110	128	106
South America	341	495	439	525	501	591
Brazil	193	267	239	310	330	397
Argentina	60	97	93	83	62	69
Colombia	44	58	40	58	47	59
Other South America	44	73	67	74	62	66
West Europe	242	327	354	307	332	339
EC-9	134	180	182	164	169	172
Greece	84	118	140	119	130	125
Spain	22	26	29	22	30	38
Other West Europe	2	1	3	2	3	4
East Europe	320	412	471	387	327	382
Bulgaria	115	162	165	136	117	157
Poland	82	102	125	87	59	70
Yugoslavia	44	68	75	69	63	65
Other East Europe	79	80	106	95	88	90
USSR	255	310	318	307	280	297
Asia	2,055	2,348	2,533	2,569	2,613	2,517
People's Republic of China	771	960	970	987	1,000	970
India	353	363	350	419	493	451
Turkey	154	200	324	248	288	239
Japan	160	166	176	173	172	153
Indonesia	112	83	121	84	78	85
Pakistan ³	162	117	106	136	126	109
Philippines	87	77	89	84	79	82
South Korea	60	104	112	145	134	112
Thailand	44	63	68	77	83	82
Other Asia	152	215	217	216	160	234
Africa	194	245	274	258	266	314
Rhodesia	64	95	103	86	85	112
South Africa	35	27	32	42	45	48
Malawi	20	35	37	52	51	64
Other Africa	75	88	102	78	85	90
Oceania	20	20	18	20	19	19
Australia	16	17	15	17	15	15
New Zealand	4	3	3	3	4	4
World Total	4,492	5,407	5,640	5,520	5,569	5,422

Note: Individual items may not precisely add to totals because of rounding.

¹ Preliminary. ² Farm - sales - weight. ³ Includes Bangladesh.

Sources: Foreign Agricultural Service and U.S. Agricultural Attache Tobacco reports.

Table 21— U.S. exports of unmanufactured tobacco by major destination, average 1969-71 and annual 1974-79

Country of Destination	Average	1974	1975	1976	1977	1978	1979 ¹
	1969-71						
	1,000 Metric tons ²						
Japan	18	50	37	60	61	46	43
European Community	(143)	(134)	(125)	(107)	(107)	(153)	(109)
United Kingdom	48	43	36	33	21	68	31
West Germany	45	44	41	33	36	24	31
Italy	10	11	14	15	18	19	16
Netherlands	16	14	14	11	14	16	13
Denmark	8	6	8	4	8	12	7
Ireland	5	5	4	4	2	2	3
Belgium-Luxembourg	7	7	4	3	5	8	3
France	4	4	4	4	3	4	5
Switzerland	10	10	12	11	13	12	9
Egypt	1	6	5	5	12	11	2
Sweden	7	7	7	6	5	8	6
Thailand	10	9	9	10	7	8	9
Philippines	3	5	5	6	7	6	5
Australia	6	9	7	5	6	6	6
Taiwan	4	11	7	6	9	12	19
Malaysia	4	5	3	3	6	5	4
New Zealand	2	2	2	2	2	2	2
Sub-total	208	248	219	221	235	269	214
Other countries	31	47	36	41	50	49	43
World total	239	295	255	262	285	318	257

Note: Individual items may not precisely add to totals because of rounding. ¹ Preliminary. ² Declared weight.

Sources: Foreign Agricultural Service.

Table 22— EC prices for selected agricultural products, 1979/80 and 1980/81

Commodity	Type of price ¹	1979/80	1980/81	Change from 1979/80 to 1980/81
		<i>ECU per metric ton²</i>		<i>Percent</i>
Soft Wheat—	Target	201.42	214.01	6.25
	Intervention	149.17	155.88	4.50
	Reference	168.06	175.20	4.25
Barley and corn—	Target	182.89	194.32	6.25
	Intervention	149.17	155.88	4.50
Sugar—	Target, white sugar	432.60	451.90	4.46
	Intervention, white sugar	410.90	429.30	4.48
Rapeseed—	Target	364.08	386.90	6.27
	Intervention	353.64	367.70	4.00
Sunflower—	Target	396.60	426.30	7.49
	Intervention	385.06	400.50	4.01
Milk—	Target	214.00	222.60	4.02
	Intervention, butter	2,849.70	2,916.00	2.33
	Intervention, NFDm	1,157.90	1,215.10	4.94
Beef—	Guide, liveweight	1,545.80	1,607.60	4.00
	Intervention, liveweight	1,391.20	1,446.80	4.00
Pork—	Base, Carcass weight	1,504.46	1,587.21	5.50

¹ Target prices represent the level the EC wants the market price to approximate. Intervention and reference (support) prices represent the level paid to producers should the EC have to make purchases in an over-supplied market. Guide (beef) and base (pork) prices are used to determine the market price level at which support measures come into force. ² In mid-June, the U.S. dollar per ECU rate was about \$1.41.

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WAS-22

JUNE 1980

Food Aid Pledged

Country	Old FAC	New FAC
	1,000 tons ¹	
Argentina	23	35
Australia	225	400
Austria	0	20
Canada	495	600
European Economic Community and its member States	1,287	1,650
Finland	14	20
Japan	225	300
Norway	0	30
Sweden	35	40
Switzerland	32	27
United States	1,890	4,470
Total	4,226	7,592

¹ These are minimum pledges; total commitments in any given year usually exceed these amounts.

program, 1.5 million tons were donations. The remainder were concessional sales designed to aid and promote development within the recipient country.

Trade Notes

The United States granted Most Favored Nation (MFN) trading status to China in February, thus reducing U.S. tariffs on many Chinese products. Imports of Chinese agricultural products in February 1980 totaled about \$10 million, twice the February 1979 level. However, only about 20 percent of the increase occurred in tariff categories whose MFN rates were significantly lower than the previous duty rates. The other 80 percent probably resulted from additional Chinese supplies.

Mexico announced in March that it would not enter the General Agreement on Tariffs and Trade (GATT). This decision nullifies the multilateral trade negotiations (MTN) agreements between the United States and Mexico. The MTN agreements, ratified by the Trade Agreements Act of 1979, reduce international trade barriers.

Although the United States International Trade Commission recommended import relief for the American leather wearing apparel industry, the President decided on March 24 that such relief would have an inflationary impact on consumer prices and was not in the national economic interest. Instead the Administration would give "...expedited consideration of adjustment assistance petitions from workers and firms in the U.S. leather wearing apparel industry. . . ."

On April 2, the President sent the International Rubber Agreement to the Senate for ratification. Adopted in Geneva on October 5, 1979, and signed on behalf of the United States on January 8, 1980, the Agreement seeks to stabilize natural rubber prices without disturbing long-term market trends and to foster increased natural rubber supplies at reasonable prices.

Beginning May 1, U.S. exports of oak and chestnut logs and lumber destined for nations of the European Community (EC), must be federally certified free of oak wilt, a disease found in many hardwood forests in the United States. Oak wilt is caused by a fungus which invades vital fluid-conducting tissues, stunting growth, weakening the tree, and eventually killing it. Cecil Davison, 202-447-8143